

DISTRIBUTION SUB GROUP (DSG)

Minutes of meeting held on 20th January 2021 via Microsoft Teams

Welsh Government (WG)

Judith Cole (Chair)
Simon Edwards
Ashley Caddick
Heather Haywood
Emma Smith

Welsh Local Government Association (WLGA)

Jon Rae (WLGA)
Jane Thomas (Powys)
Hywel Jenkins (Neath Port Talbot)
Carys Lord (VoG)
Dilwyn Williams (Gwynedd)
Jonathan Davies (Monmouthshire)
Steve Gadd (Denbighshire)

Independent members

Guto Ifan
Chris Barton
Dr Dennis de Widt

Apologies

Barrie Davies (RCT)
Ian Allwood (Cardiff)

Welcome and Introductions

1. The Chair welcomed everyone to the meeting and noted the apologies.

Minutes and matters arising from the previous meeting

2. Members noted that they had received a query from Ceredigion council relating to the DSG report and the recording of the DSG's recommendation not to phase the population projections into the formula, provided there was a floor. Welsh Government officials pointed out that the DSG report was signed off by the Finance Sub Group (FSG) before the discussion at DSG on the course of action were there no floor. Paragraph 18 in the November minutes clarifies DSG's decision to use the 2018 based population projections for 2021 with no phasing, regardless of the position on the floor.

DSG (2021) Paper 01 – Terms of Reference 2021

3. The Chair asked the group whether they had any questions or comments they wanted to raise regarding the paper.
4. A member questioned whether any substantial changes were made, other than changes of dates and names.
5. The Chair confirmed that no substantial changes were made.
6. The member also noted that the date for the membership needed updating to 2021. This had already been spotted by WG officials, who noted they will also

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need to make some additional changes, for accuracy. These will not change the paper materially.

Action: Officials to update the paper and present to the FSG on 4 February

DSG (2021) Paper 02 – Work Programme 2021

7. The Chair commented that the work programme is considerable due to the difficult year last year.
8. Members agreed they were happy with the paper, noting that in the WLGA manifesto there are points on fair and flexible funding, therefore this can be used as a way to discuss funding for further help for sub group work.
9. One member questioned what the point on recalibrating of weightings relates to exactly.
10. Welsh Government officials responded by explaining that this point looks at revisiting weightings of indicators as a result of changes to underlying financial data.
11. DSG questioned why Corporate Joint Committees were noted in the work programme.
12. Officials reminded the group that this was a result of an action from the previous DSG meeting.
13. Members accepted that this should be kept in as the effect is not 100% known, but considered CJs were unlikely to cause distributional issues, certainly in short term.

DSG (2021) Oral item – Provisional Settlement 2021-22

14. DSG asked what issues regarding the settlement officials have had.
15. Officials noted that most queries have been relating to grants, and a few queries relating to the components of change table.
16. Welsh Government highlighted that a crib sheet explaining the columns of the components of change table will be circulated to members after the meeting.
17. DSG highlighted that the components of change table had been well understood in a technical way by leaders and treasurers, and has proved a useful addition to the briefing document.
18. Welsh Government officials wanted to bring to light that there has been a slight update to RO data, this change would result in changes in AEF ranging from - £11k to £15k. They recommended not updating this data before the final settlement since the distributional change in AEF is small.
19. Members agreed to this.

Action: Welsh Government to circulate the crib sheet to members

DSG (2021) – Oral item – Discussion on the approach to underlying financial data for the 2022-23 settlement

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20. Welsh Government officials explained that this was a discussion in order to set the scene for future work on this issue.
21. They noted that colleagues in KAS were having discussions with officials in England about changes to the forms and that a technical note on this can be provided.
22. Officials questioned what the best forum would be to run past changes with local authorities' officers.
23. Members noted that the Chief Accountants group would be the best port of call for this.
24. DSG also highlighted that the technical note would be useful for DSG and, potentially, a wider audience and noted that this could also have implications for the Whole of Government Accounts.

Action: Welsh Government to distribute a technical note on the potential changes in England to DSG

DSG (2021) – Paper 3 – Improving the tourism data (including Airbnb)

25. Officials gave an overview of the paper to the group, highlighting the recommendations outlined within the paper.
26. DSG questioned whether the decision to start including Airbnb figures was made by the data providers or someone else.
27. Officials responded by confirming that the data providers made the decision.
28. DSG agreed to the recommendations outlined within the paper.

Decision: No changes to be made to the tourism dataset between the provisional and final 2021-22 settlement, Airbnb figures to be included in tourism dataset for 2022-23 settlement onwards.

DSG (2021) – Paper 4 - Treatment of datasets for 2022-23 settlement

29. Welsh Government Officials presented the paper to members, highlighting that a document explaining how much SSA is related to each dataset noted in the paper will be circulated to members.

Action: Welsh Government officials to circulate information on the amount of SSA related to each of the datasets in the paper

30. Officials asked the group for comments regarding which datasets should be prioritised for analysis.
31. Members commented that PLASC data would be delayed this year.
32. Other members queried why the delay would occur, as they were under the impression that since children were on an educational roll and that FSM are relating to eligibility.
33. Officials explained that some data within FSM is made up of how many children receive it on the day of the census, as PLASC collects both take-up and

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entitlement data, and then Welsh Government collects figures on both of these, usually in June following the PLASC.

34. DSG noted that we are not in a position to take datasets out of long term freezes, and so analysis on latest position and impact of those data collections due in August is needed.
35. They mentioned that regarding unfreezing, it will be a while before this is considered and will have to be done on a case by case basis, whilst considering both SSA distribution and length of time the datasets have been frozen for.
36. Officials noted that due to the fact we are in a Census year, this is another reason why it may not be the best time to be looking at unfreezing the Census-based datasets.

Decision: Welsh Government to focus on understanding/accommodating the impact of Covid-19, rather than unfreezing. Officials to consider duration of the freeze and SSA distribution, when prioritising the unfreezing of datasets.

AOB

37. Officials made a request for volunteers to join the Pool Rate working group, noting that if no nominations were put forward, this would likely be bought into DSG.
38. Jane Thomas noted that she had a nomination, but that they were relatively new to post.
39. DSG felt this would not be an issue, and accepted the nomination.
40. A member highlighted that looking at simplifying the formula may be an option, by considering using a notional calculation of interest rates to avoid complications.
41. Welsh Government provided an update on the 2021 Census, highlighting that no data would be available until March 2022, and asking DSG whether they would want someone from ONS to come to a meeting to discuss this further with them
42. DSG agreed that this would be useful.

Action: Welsh Government to organise a member of ONS to come to a DSG meeting to discuss census outputs and future plans for the census.

Close

Dates and venues of next meetings

43. The future dates of meetings are as follows to take place via MS Teams, until further notice:

- 16 March 2021
- 11 May 2021
- 7 July 2021
- 14 September 2021
- 16 November 2021
- 18 January 2022

Local Government Finance and Workforce Partnership Division

Welsh Government