

DISTRIBUTION SUB-GROUP (DSG)

Minutes of meeting held on 18 January 2022 via Microsoft Teams

Welsh Government (WG)

Judith Cole (Chair)

Simon Edwards

Ashley Caddick

Coral Putman

Welsh Local Government Association (WLGA)

Jon Rae (WLGA)

Sam Sullivan (Data Cymru)

Dewi Morgan (Gwynedd)

Jonathan Davies (Monmouthshire)

Huw Jones (Neath Port Talbot)

Jane Thomas (Powys)

Barrie Davies (Rhondda Cynon Taf)

Independent members

Chris Barton

Dr Dennis de Widt

Guto Ifan

Apologies

Emma Smith (Welsh Government)

Carys Lord (Bridgend)

Ian Allwood (Cardiff)

Steve Gadd (Denbighshire)

Welcome and Introductions

1. The Chair welcomed the group to the meeting, recorded apologies and welcomed new members, Dewi and Huw.

Minutes and matters arising from the previous meeting

2. There were no comments on the accuracy of the minutes from the last DSG meeting.

Paper 01: Terms of Reference

3. Welsh Government officials explained that the Waste and Education sub-groups had not been included in the 2022 Terms of Reference as the future arrangements for these group were yet to be confirmed.

Paper 02: DSG Work Programme

4. Officials asked the group if there were any issues with, or new items to add to, the proposed work programme and suggested that, whilst this was a useful outline of the work to be carried out by the group, a more detailed document could be created to identify specific responsibilities and timelines.

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5. Members queried if there could be a list of the frozen data items, and if tax reform should be added to the work programme. There was also a question around the quality of the free school meals (FSM) data as a whole.
6. Officials agreed to include the additional information and noted that the Welsh Government are currently looking at the FSM data, particularly the impact of free school meals being rolled out to all primary school aged pupils. Officials will share any progress with DSG and consider whether the group has a role to play in taking this work forward.
7. The chair also informed the group that the Minister for Local Government in England outlined in a recent [speech](#) that funding allocations in England are “not based on an up-to-date assessment of needs and resources” and that they are going to be “consulting on potential reform in the spring”.

Oral item: Changes between Provisional and Final Settlement 2022-23

8. Welsh Government officials advised that the only known changes between provisional and final settlements relate to specified bodies and noted that there will be a minor presentation change in the components table.
9. Specifically, there will be an increase in the amount of funding provided to specified bodies of around £5,000 for the final settlement. Alongside this, HMRC are providing around £96k across 22 local authorities for changes to licensing for one year only. After previous discussion, the intention is that this will be distributed to the WLGA through the specified bodies arrangement, where LAs can invoice for the funding.
10. The chair confirmed that there is no expectation of further funding, and that anything in the spring budget will be too late to affect the 2022-23 settlement.

Paper 03: Changes in distribution

11. Officials gave a presentation on the 2022-23 provisional settlement distributions. The presentation largely focused on explaining the updating of the council tax element (equalising for resource) and the impact of new AEF funding.
12. Officials summarised that those with high tax bases do worse from the equalising for resource principle. This is because the formula assumes that as the council tax element of standard spending assessment (SSA) increases these authorities can raise more of their funding locally through taxing their residents relative to others. These areas get a smaller share of the grant funding, with those with lower tax bases seeing a larger increase in grant.
13. Officials explained that isolating the change in funding is again similar to the equalising for resource principle but reversed. This is again dependent on each local authority’s breakdown of SSA. Councils with relatively higher tax bases will see a larger percentage increase due to grant funding representing a smaller amount of their SSA.
14. Officials noted that this year the funding patterns look different due to the grant element increasing at a relatively quicker rate than the council tax element; this is the first time that this has happened in the past five years.

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15. Members noted it might be useful to show the impact of different scenarios of AEF and council tax increases. Officials agreed to consider.

AOB

Finance Sub-Group

16. The Chair reminded the group of the 2022 FSG meeting dates:

- 17 February 2022
- 14 July 2022
- 13 October 2022

Close

Dates and venues of next meetings

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

- 22 March 2022
- 11 May 2022
- 5 July 2022
- 13 September 2022
- 15 November 2022

**Local Government Finance Policy and Sustainability Division
Welsh Government**