

**Cynulliad Cenedlaethol Cymru
Y Pwyllgor ar Ariannu Ysgolion**

**The National Assembly for Wales
The Committee on School Funding**

**Dydd Mercher, 10 Mai 2006
Wednesday, 10 May 2006**

**Cynnwys
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Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir cyfieithiad Saesneg o gyfraniadau yn y Gymraeg.

These proceedings are reported in the language in which they were spoken in the committee. In addition, an English translation of Welsh speeches is included.

Aelodau Cynulliad yn bresennol: William Graham (Cadeirydd), Peter Black, Denise Idris Jones, Lynne Neagle, Janet Ryder.

Swyddogion yn bresennol: Mike Chown, Pennaeth Is-adran Refeniw Cyllid Llywodraeth Leol; Rob Hay, Pennaeth Cangen Refeniw Cyllid Llywodraeth Leol; Joanest Jackson, Cynghorydd Cyfreithiol y Pwyllgor.

Gwasanaeth Pwyllgor: Adrian Crompton, Clerc Dros Dro; Ruth Hatton, Dirprwy Glerc.

Assembly Members in attendance: William Graham (Chair), Peter Black, Denise Idris Jones, Lynne Neagle, Janet Ryder.

Officials in attendance: Mike Chown, Head of Local Government Finance and Revenue Division; Rob Hay, Head of Local Government Finance Revenue Branch; Joanest Jackson, Legal Adviser to the Committee.

Committee Service: Adrian Crompton, Acting Clerk; Ruth Hatton, Deputy Clerk.

Dechreuodd y cyfarfod am 9.29 a.m.

The meeting began at 9.29 a.m.

**Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau
Introduction, Apologies, Substitutions and Declaration of Interests**

[1] **William Graham:** Good morning, ladies and gentlemen. We will make a start. I will begin by going through the usual notices. In an emergency, ushers will indicate the nearest safe exit. Headsets are available for translation and amplification. I ask all present to switch off any mobile phones or other equipment.

[2] I have received no apologies from Members, but we have an apology from our usual clerk; we are pleased to welcome Adrian Crompton in his place. It would be nice of the committee to record its best wishes to Steve and his wife.

[3] I invite Members to make declarations of interest under Standing Order No. 4.6. I see that there are none.

9.29 a.m.

**Casglu Tystiolaeth gan Swyddogion y Cynulliad
Evidence Gathering from Assembly Officials**

[4] **William Graham:** We are grateful to Mike Chown and Rob Hay, who are not exactly strangers to this committee, having recently supported the Minister at one of our meetings, for submitting a paper. Would you like to comment on that before we take questions from Members?

[5] **Mr Chown:** Thank you, Chair, for providing us with the opportunity to explain the technical elements of the standard spending assessment. I am sure that Rob will make a good job of that in a moment. It might be helpful if I said a few brief words about the context in which my division works. I have noticed, from reading extracts from other meetings, that this has not been touched upon. We work, clearly, within legislation. This is contained in the Local Government Finance Act 1988. Section 84E provides that the Assembly shall pay a grant to receiving authorities, and that this grant be called the revenue support grant. There is an obligation on the Assembly to determine the amount of RSG and to specify the determination in the local government finance report; as you all know, that is approved annually by the National Assembly, in accordance with Standing Orders. We then pay the RSG.

[6] We manage the process of defining the distribution of the RSG in accordance with the recommendations of the review of the formula, with which I know you are familiar. Each year, we review elements of that formula with local government, to a work programme agreed with the consultative forum on finance. This work is taken forward by my division in collaboration with the distribution sub-group. I know that you are aware of that work, as Professor Hugh Coombs has already given evidence. We report on the outcomes of the work for the consultative forum on finance, and, providing that it is content and that Ministers agree, we implement this in the local government settlement for that year. I needed to set that out.

[7] I am now happy to ask Rob to introduce his paper.

[8] **Mr Hay:** Thank you. As the paper states, its purpose is to explain the arrangements that underpin the distribution of the revenue support grant to which Mike has referred. I will, if I may, run very briefly through what I think are the paper's key points.

[9] The revenue support grant operates on the principle of determining a standard spending assessment for each unitary authority in Wales. SSAs are a mechanism for distributing the grant. At an authority level, budgets will differ to SSAs, as authorities choose the level at which they set their budgets. But, the SSAs provide a mechanism by which we, in the Welsh Assembly Government, distribute the revenue support grant among those unitary authorities. At the individual authority level, this formula, effectively, results in the revenue support grant being the balancing item when you take from the standard spending assessment, at unitary authority level, what is required to deliver this standard level of service, once you net off the amount of non-domestic rates that the authorities are allocated and the assumed council tax element, if all authorities were to set council tax at the level of standard spending. So, as the paper says, the figure for council tax at standard spending is a notional figure, but it is required in order for us to determine the allocation of revenue support grant.

[10] The paper explains that the overall SSA quantum is divided between individual, specific services which local authorities are responsible for delivering. In order to get at these individual service SSAs there is effectively a three-stage process. First, we take the overall SSA figure, at the all-Wales level, and take off the element which we calculate is in there to support the debt financing element of local authority expenditure. The remainder is then allocated between the different service areas. That is known as the current service SSA total.

[11] The second stage is to split the current service SSA total between broad service totals, namely education, social services, transport and one or two other broad services. The split between those broad services is based on the latest budgeted expenditure data. If local authorities, as a whole, budget to spend about 30 per cent of their budgets on education—for the sake of argument—then 30 per cent of the current SSA figure is allocated to that broad service level. It is also at this stage of putting together the settlement that we would factor into the equation any specific funding that has been included in response to a specific pressure or a new responsibility.

[12] The third stage is to break that broad service total down to a notional allocation at the detailed service level—the detailed services being primary education, secondary education, school transport and so on. We use the latest outturn expenditure data to break that broad sector down to the detailed sector level because that is the information that is available at the most detailed level to allow us to do that.

[13] On page 4 of the paper, we set out more detail about the mechanism for determining the individual detailed service SSA formulae. The approach follows the principle that was set down by the independent review that was done by University of Wales Swansea and Pion Economics in 1999. That review, which was accepted by local government and the Assembly, forms the basis of the programme of work, to which Mike referred, which is used to develop the formula and effectively takes us up to the present day in terms of the work that we do in the distribution sub-group on developing the formula. The key principle that was set out by that review is that we are to use statistical regression techniques, where possible, to establish independent indicators of need to spend, which can be used to develop individual authority allocations at the detailed service level. In using those formulae to determine the individual SSAs, we then use the most up-to-date data that we have on the indicators of need to spend. A key feature of these indicators is that there is no scope to influence them to skew the distribution in favour of any particular authority.

[14] In summary, the overall size of the settlement is determined by the total amount of revenue support grant, the assumed overall take on council tax and the total non-domestic rates for reallocation. The relative weightings of the detailed services within the formulae are determined using previous expenditure data. The actual formulae use independent indicators of need that have been derived using statistical techniques. We are happy to answer any questions or to provide any further clarification.

[15] **Lynne Neagle:** I have two questions. I wondered if you would comment on how valid you think that historical spend is as a way of calculating the ongoing needs of local authorities. Do you think that there is a case to be made that it just reinforces any spending inequalities that exist and means that local authorities that may not have enough to spend on particular services are never going to redress the balance?

9.40 a.m.

[16] Secondly, I would like you to talk in more detail about the sparsity weightings. Which elements of the allocations for education contain sparsity weightings? Can you list them and perhaps give details of what evidence base you used to justify those weightings?

[17] **Mr Hay:** Shall we answer those particular questions?

[18] **William Graham:** They lead on from previous questions in previous committee meetings, so it would be worth while.

[19] **Mr Hay:** Okay. The first question was about how valid we think using historical spend is in determining future funding allocations. As the paper tries to make clear, we use historical spend primarily in two specific ways. First, we use the historical spend in developing the formula that we use, and that is based on the use of statistical regression techniques. So, the principle there is that we are attempting to establish a formula that can be shown statistically to reflect the pattern of spend in response to the need to spend. Given that it is a statistical exercise that we are doing, we are not looking at individual authorities as such and trying to model their individual spend; we are trying to come up with a formula that can then be shown to reflect the pattern of spend that can be used in moving forward in terms of allocating funding. So, it is about establishing indicators that reflect that need to spend. In that sense, it is not intended to carry forward past patterns of expenditure; it is about coming up with a formula that can be used to distribute the funding in future years. Therefore, it is not necessarily the case that it reflects the spend of an individual authority, as it is about saying what the formula is. As you can imagine, the largest element of the indicator in the formula is that of population measures, and about 75 per cent of the indicator is based on population. So, intuitively, in the case of education, as you would expect, the drivers of spend are the number of pupils in the schools, and, from that point of view, you would expect the formula to reflect that.

[20] The second point relating to the use of historical expenditure is about how we divvy up the overall quantum between the different elements of the formula so that we apportion the SSA total to the appropriate areas of service. There, it reflects what local authorities as a whole spend on education compared with what local authorities spend as a whole on social services. So, there needs to be a mechanism to determine how you divvy up between the individual services, and historical expenditure seems the most appropriate mechanism to do that. However, it is done at an overall and total level for Wales, rather than at an individual authority level.

[21] I do not know whether that answers that particular question, but the key point is that we are reusing statistical techniques, so it is not about trying to carry forward what individual authorities have done previously; it is about having a statistical relationship that we can use in looking forward.

[22] **William Graham:** Janet, do you have a supplementary to that question?

[23] **Janet Ryder:** Yes. That historical point is an issue that has come through in a number of areas. I appreciate what you say, namely that it is a statistical process and that you have always tried to devise a formula that is fair to all counties. However, would you not accept that, because of the way that it is formulated, even if the intention is not to trap counties into a historical spending pattern for the future, it does trap them to some extent? I know that you say that it is based on numbers but we have a lot of evidence to say that the amount that counties are spending is what they can afford to spend, not what they need to spend to meet either the counties' aspirations for education in their area or the aspirations of the Government here for education. It reflects what they are able to spend and that is predicated, as you have made clear, on what they have always spent. Looking outside local government, is that a fair way of meeting today's aspirations for education in terms of funding, or do we have to look at that education allocation?

[24] **Mr Chown:** The formula is updated annually for the population, to a certain extent, and the pupil numbers element of it is updated more frequently. It is not historic spend in the terms that Rob suggested, in terms of setting the formula. One of the difficulties of using anything other than historic spend is how you identify a consistent approach to collecting. For example, how would you predict future costs and how would you deal with that on a consistent basis. There are those types of questions that you would need to ask at that stage. So, on the basis of what we do at the moment, we would argue that—and I am not a statistician; that is why Rob is here—in terms of dealing with the statistical modelling for the formula, the way that we have at present is probably the best way.

[25] **Janet Ryder:** I do not know whether you can express a view on this, but does it in any way reflect a county's need to spend on a particular service area?

[26] **Mr Hay:** The Swansea/Pion review of 1999 goes into considerable detail about what is meant by 'need to spend' and, effectively, in the absence of some other agreed measure of what we mean by 'need to spend', it uses the historic expenditure data. In developing the formula, we have used average figures over a three-year period in order not to focus on one individual year's set of figures. If you look at mechanisms used elsewhere for distributing resources, you will see that they, similarly, will use historic expenditure as the best proxy available for this principle of need to spend in the future. So, we do not have any better measure available to us to use in terms of the formula.

[27] **Mr Chown:** The Pion or Swansea review said something along the lines of the fact that there was a broad consensus that there were differences in need that would affect the revenue consequences, but there was a lot less agreement on what is 'need' and how that is defined, and it went on to say that 'need' is a term that lacks precision and there is great difficulty in defining it, so, in terms of producing a formulaic approach to the way in which we do this, we come back to the historic position.

9.50 a.m.

[28] **Janet Ryder:** But it would be possible to develop a model. If the Assembly decided, let us say, to set parameters and say, 'Well, a school needs x amount to provide the staffing, and x amount to provide the equipment', it could set its own formula.

[29] **Mr Chown:** I am sure that it is not beyond people to devise something. However, the trick is to find a consistent approach to how you would define that type of approach.

[30] **Mr Hay:** It would have to be something that met universal agreement. There would have to be an agreed basis for the need to spend and we would have to get people to agree that that was the particular level of spend that was needed for that particular service. The one thing that I would add is—

[31] **Janet Ryder:** Was there not a great deal of discussion about the social services figures? Did they not take some time to reach any agreement on what was a common level of spend?

[32] **Mr Chown:** In terms of the older adults part of the PSS formula, which we have virtually completed, it was a question of data again, and the confidence that people had in the data and the way in which it was collected. I think that lots of these things come back to the data, how it is collected and the consistency with which it is provided.

[33] **Mr Hay:** On the social services side, we were still using expenditure data, albeit at a more detailed level than was the case with other services. We were still using information on what authorities were spending in providing different types of social services as the basic building block for determining the model. So, there was still that principle of using historic expenditure. It was just a particular type of expenditure that we used.

[34] The other point to make, perhaps, is that, as you are well aware, the settlement is unhypothecated, and, therefore, there is recognition at an individual authority level that they may lose out, to some extent, as a result of one part of the education formula but that they may gain something as a result of another part. They have the ability to spend the revenue support grant and the council tax that they raise locally in the way that suits their needs best. We would also look at specific grant mechanisms as a way by which the Assembly can influence its particular priorities. As part of the process of determining the specific grants and establishing the strategy for that, at some point, when the outcomes that are desired through the specific grant route are established within the local authorities, the money comes into the settlement. That is a way of influencing local government expenditure and ensuring that it is in line with the Assembly's policies and priorities.

[35] **William Graham:** Lynne, did you have any supplementary questions?

[36] **Lynne Neagle:** Not on the historic spend, because I think that we have explored that fully. There was the other question about the weightings.

[37] **Mr Hay:** That was about sparsity, was it not?

[38] **Lynne Neagle:** Yes. Could we have a detailed answer on precisely which elements of the education allocation contain weightings for sparsity and an explanation of what the evidence base is for those weightings?

[39] **Mr Hay:** I should have referred earlier to the fact that the background information on the standard spending assessments, which we commonly call the green book, is available on the local government finance pages of the Assembly's website. That contains the individual formulae for each element of the SSA formula. In the case of pre-school and primary school teaching, it details the fact that just under 10 per cent of that formula uses settlement threshold information, essentially, which is one of the sparsity indicators.

[40] **Lynne Neagle:** What was the rationale behind that and the others that are included in the education formula? How did you arrive at that figure, and why was it considered necessary to do that?

[41] **Mr Hay:** I will take the point on pre-school and primary-school teaching first. The overall formula for that is an 81.5 per cent weighting on primary and nursery-school pupil numbers. There is 8.7 per cent on primary school pupils entitled to free school meals, and a 9.8 per cent on settlement indicators. To look at how we arrived at those particular weightings, we need to go back to the Swansea/Pion Economics review, because that sets out the approach that we should adopt in deciding how to go about putting together a formula. That report also provided the rationale for saying that we should be looking at settlement and dispersion indicators when we put the formula together. It recommended that we establish a set of indicators, which are those that we use on the settlement and dispersion side. Perhaps I should explain what those indicators are first, and then I can explain how we use them in developing the formula.

[42] A settlement threshold of 1,000, for example, is an indicator for each authority of the population living in settlements of fewer than 1,000 people. So, it is an indicator of the size of the settlements and the number of settlements within the authority. The rationale was that larger settlements can achieve economies of scale in the provision of services and, therefore, there may intuitively be an expenditure driver related to the size of settlements within Wales. When we looked at putting the formula together, the approach that we adopted was to try to find indicators that correlated well with the expenditure data that we have just talked about. So, in the pre-school and primary-school teaching sector, we took information from the returns that we received from local government on its expenditure on that service. We knew that a large driver of the expenditure would be the number of pupils, so we put that into the formula to see how good a fit that gave us against the expenditure. Having taken that out of the equation, we looked at what other measures of spend would show a strong correlation with that expenditure. We took these measures of settlements, and we tried the indicator of those living in settlements of fewer than 1,000 against the expenditure to see whether there was a strong correlation. We also took settlements of other sizes, such as the population living outside settlements of 5,000 or 10,000 people, to see whether that gave us a stronger relationship with the expenditure than this particular measure. Through that process, looking at the data, we felt that the information relating to settlements of 1,000 people gave us the strongest relationship with the expenditure. That statistical process also gave us an indication of the overall weight that that figure should have in the equation.

10.00 a.m.

[43] We also did that with the other indicators of need to spend, and we felt intuitively that the level of deprivation within an authority would have a bearing on how much it spent. We also considered what types of indicators of deprivation there might be at an authority at a school level, which would be available to throw against the expenditure. In this case, entitlement to free school meals is generally known to have a strong correlation with deprivation, and we threw that against the expenditure to see whether there was a strong correlation or not. There was a statistically significant relationship there, and so, through that process, we identified that it should be in the formula and the weighting to it.

[44] I am sorry. That was a bit of a long and tortuous explanation, but that is the approach that we adopted.

[45] **Lynne Neagle:** From what I gather from your answer, it goes back to the historic spend again. You talked about looking at these extra costs intuitively, but that is my big fear, really. All these assumptions are always made about the extra costs of delivering particular services in rural areas. From your answer, would you say that no attempt has been made to quantify what the cost savings might be of delivering services in more densely populated areas? It is largely based on assumption and historic spend, which many of us already think is flawed.

[46] **Mr Hay:** We are following what was in the Pion Economics review, and there are lots of data out there about the make-up of local authorities. There is an element of testing which indicators show a relationship with those particular expenditure data, so therefore there needs to be a way in which we can narrow it down into which indicators we need to look at. Otherwise, we could be here forever looking at the different types of indicators that we could test to see whether there is a relationship.

[47] The settlement and dispersion indicators were put together in response to a rationale that they would have an effect on authorities' need to spend. Having put those together and compared them with the expenditure data, we saw that they showed a statistical relationship, which provided an evidence base for putting them into the formula. We could look at other indicators, if there were indicators out there that were sufficiently robust, and were recognised as having sufficient quality and independence for people to accept that these are the sorts of measures that are appropriate to have in the formula.

[48] **Lynne Neagle:** Is it not the case that they would show a statistical relationship if local authorities have been receiving extra money to spend as a result of the weightings? If they have extra money, they will spend it. In an area such as mine, where things have been slightly tighter, it might also show that there are fewer costs in that area, but there is no evidence base to back it up if you rely on the historic spend.

[49] **Mr Chown:** We have received a letter from the Minister asking us to look at the weightings on sparsity and deprivation, and we are considering how best we might achieve that. We are doing some scoping of the sorts of things that we need to look at, so we will be taking that work forward.

[50] **Denise Idris Jones:** You have just defined the way in which you quantify sparsity based on areas where there are fewer than 1,000 people, and said that deprivation is based on free school meals. However, we know that not all pupils stay in school for lunch and many pupils bring in sandwiches. Therefore, how happy are you that the relative weightings of each indicator meet need in Wales, which is what we are looking at?

[51] **Mr Hay:** I come back to our earlier answer, in that we follow a process whereby we use historic expenditure as the proxy for need to spend, because that is the best information available. As I mentioned, the Swansea review goes into some detail on this, and suggests that there are factors at an individual authority level that will influence authorities' need to spend. However, in the absence of having something that is commonly accepted as a better measure of need to spend, we use historic expenditure.

[52] **Mr Chown:** That is the point. I notice that the Wales Audit Office commented on the use of free school meals as the proxy for deprivation, but it did not suggest what we might use in its place, which is fine—perhaps that was not within its remit. However, that is crucial—we need to find and understand what would be a strong indicator of deprivation. If there is an alternative, do we stick with what we have? So, we will be looking to see whether we can come up with something better, but it is a question of where the data might exist, what those data are, and how robust and consistent they are. So, while I am not saying that we will not find another measure, it is not as simple as just plucking something out of the air—we need something that is robust and solid.

[53] **William Graham:** Is that now being researched?

[54] **Mr Chown:** The Minister has asked us to look at the weightings that we give to deprivation and, if free school meals are what we currently use, we will need to consider that. We also need to take account of what the Wales Audit Office has said.

[55] **Janet Ryder:** To follow that up, how do they measure that in England? Are they not moving away from free school meals to a different indicator?

[56] **Mr Hay:** I believe that some work is ongoing in England at present, and we would want to look at that.

[57] **Mr Chown:** There is work going on, and we will need to tap into that and consider it.

[58] **Janet Ryder:** So, is it true to say that that is not the only measure and, in fact, there are other measures around, which perhaps give a more accurate indicator?

[59] **Mr Hay:** We certainly want to look at what they are doing in England, but it is the case that this is a moving target as new data sources come along. We have an interest in looking at the information that is now coming off PLASC, the pupil level annual school census database, which has been developed in Wales, to see whether that provides some information at pupil level that perhaps we can consider as an indicator within the formula. So, things are being developed, and new data sources are coming along, and we want to keep in touch with those. However, it is also important to recognise that there are certain hurdles that those data sources need to get over in order for us to feel that it would be appropriate to consider them. They must be independent, and must have some level of rigour and professional acceptance about them for us to feel that they would be appropriate to use in the model.

[60] **Janet Ryder:** Are you saying that PLASC is not like that yet?

[61] **Mr Hay:** We have not really looked at the PLASC data, to be honest. It is an area that we had in mind to consider, but we were aware that it would take some time to develop and get the amount of data on it that would allow us to feel comfortable about using it. However, we have not really looked at it yet.

[62] **Janet Ryder:** So, you would not use it as a distributor?

[63] **Mr Hay:** We want to look at it, but we have not used it to date. Given that we use pupil numbers data, those data are now coming off the PLASC as opposed to the annual census data that we used to get. So, we are using the pupil numbers data off the PLASC, but that is just because that has sort of migrated onto the PLASC now, so we are using that. However, we want to look at whether there is more information on there that we can use.

[64] **Janet Ryder:** Does your department look at, or give guidance on, how counties account for the amount of education spend that they retain and use centrally?

[65] **Mr Chown:** That is outside my division's remit.

[66] **Janet Ryder:** I am just trying to ascertain what your department's remit is.

[67] **Mr Chown:** I notice that Wayne Williams was here from our Statistical Directorate. I believe that Wayne, as a result of some of the views expressed by the WAO, and perhaps from you, will be looking at the way in which we collect information from the revenue account returns, and I think that he is hoping to consult on that.

10.10 a.m.

[68] **Janet Ryder:** So, do you collect that information?

[69] **Mr Chown:** We use the information that is collected, but we do not collect it. The statistics come into our statistical division, which use them for a range of other things.

[70] **Janet Ryder:** So, who would give counties guidance on that?

[71] **Mr Chown:** The Statistical Directorate, but, clearly, we have a role in helping them to formulate that guidance.

[72] **William Graham:** I will just touch on some of the excellent questions posed in our brief. You know that the committee has received evidence, on several occasions, regarding the timing of the receipt of schools of budgetary information. Can you suggest how that can be improved?

[73] **Mr Chown:** I am sorry, I just need to organise my papers—

[74] **William Graham:** That is okay. Previously, the committee received evidence that the timing of the receipt of schools of budgetary information is difficult. They get the information late, when they have already prepared their budget. Can you suggest any way in which more information could be provided to schools at the earliest possible opportunity?

[75] **Mr Chown:** In terms of the revenue support grant, we have already advanced the notification of the provisional settlement to some six or eight weeks prior to what it used to be when the Assembly was first established, so that we now provide provisional information. We cannot really do that until the Assembly has provided, or at least set out, its draft budget, because clearly, the quantum for the provisional local government settlement is fixed within the Assembly's overall budget. We like to try to get the provisional settlement out as soon as we can after the budget, and, over the last couple of years, we have announced the final local government settlement before Christmas, which is well in advance of what we did previously. I hope that that fits in more with the need of schools to fix their budgets, which they have to do by 31 January, is it not, and those sorts of things.

[76] **William Graham:** I endorse what you say; certainly, those of us with a local-authority background are impressed that we are now getting information much earlier. I would also just touch on the fact that, when the Assembly was first established, I was amazed by how little information was received from local education authorities. I must comment on how much better the distribution of information is; you may not think that it is absolutely accurate, but it is received much earlier than a few years ago, and that must speed up the process generally.

[77] **Mr Chown:** Certainly, over the last two or three years, we have tried to improve the transparency of what goes into the settlement and how the settlement is derived, so that there is, or there should be, a better understanding of how we go about our business and what it sets out to do. However, I acknowledge that there are still some areas where perhaps it could be—

[78] **William Graham:** Could you just touch on that? We had a copy of the report that came to the Local Government and Public Services Committee on the three-year cycle. How far has that got now?

[79] **Mr Chown:** Rob might want to come in on this, but we have received the consultation responses, which are now being considered, and it is a question of how we take that forward, and the sorts of things that we need to take in. There have been lots of comments about what three-year settlements really mean, and what we mean by three-year settlements, is it just the quantum, or is it the breakdown of the distribution over the three-year period? There are all sorts of things that we are now weighing up. I think that the Minister hopes to report on the matter to the Local Government and Public Services Committee in June or July.

[80] **William Graham:** So, will there be an interim report?

[81] **Mr Chown:** Certainly there will be emerging findings and the direction of travel.

[82] **William Graham:** That is very diplomatic. You will appreciate that our remit means that all that we are keen to do is to get some certainty to schools, following all the evidence that we have received throughout our—

[83] **Mr Chown:** It would be the Minister's intention that, if we develop different weightings for sparsity and deprivation in the manner that we have discussed and the sorts that we have looked at, she would want that work to have been done before we embarked on three-year settlements, and fixed budgets for that sort of time. We are working towards all of these things.

[84] **William Graham:** I have a comment that is perfectly pertinent. It is a quotation from one of the Estyn reports,

[85] 'The extent to which information is openly available about LEA-level and school-level allocations of grant allocations is variable (and generally limited)'.

[86] What steps can we take to understand the frustration of users and to respond to that?

[87] **Mr Chown:** In terms of what the Assembly Government does, by publishing the green book that sets out how the SSAs have been derived and such things, I would hope that the information from our point of view and about what is in the settlement, which is available to schools, is better. Clearly, we are always looking to improve what we do, but I would have thought that a lot of the information that we give is available on our website. Education colleagues also provide information. Bearing in mind that the settlement goes to treasurers in authorities, whether that is then put out to directors of education or even further down to schools, I am sorry, but I am not able to say.

[88] **William Graham:** I see that there are no other questions. Thank you very much for your attendance today, and for the excellent ways that you answered your questions. We all wish to record our thanks to the Minister for allowing such a senior official to appear at our committee today.

10.16 a.m.

[89] **William Graham:** Item 3 is the consideration of the minutes of the previous meeting. I take it that we agree with those. Thank you very much.

Cadarnhawyd cofnodion y cyfarfod blaenorol.

The minutes of the previous meeting were ratified.

[90] **William Graham:** As you know from our agenda, our next item will be discussed in a private session. I invite the committee to resolve to exclude the public from the remainder of the meeting, in accordance with Standing Order 8.24, subsection 6. I have your agreement, thank you, so we will have a short break of about 10 minutes, and then return to conduct our private session. Tea is available across the way.

Daeth rhan gyhoeddus y cyfarfod i ben am 10.17 a.m.

The public part of the meeting ended at 10.17 a.m.