

Office of the Deputy Prime Minister

**Local Government
Finance (England)**

**The Local Government
Finance Report
(England) 2004/2005:
Amending Report 2006**

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The Local Government Finance Report (England) 2004/2005: Amending Report 2006

Report by the First Secretary of State under section 84A of, and
paragraph 13 of Schedule 8 to, the Local Government Finance Act
1988

*Ordered by The House of Commons
to be printed on 31 January 2006*

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1 Introduction

- 1.1 This Amending Report is made by the First Secretary of State, and laid before the House of Commons under section 84A of, and paragraph 13 of Schedule 8 to, the Local Government Finance Act 1988 ("the 1988 Act"). Section 84A of the 1988 Act was inserted by section 104 of, and paragraph 15 of Schedule 10 to, the Local Government Finance Act 1992 ("the 1992 Act"). Paragraph 13 of Schedule 8 to the 1988 Act was substituted by section 104 of, and paragraph 7 of Schedule 10 to, the 1992 Act. It applies to England, and contains amendments to the basis of distribution specified in The Local Government Finance Report (England) 2004/2005 ("the Finance Report").
- 1.2 Before making this Amending Report, the First Secretary of State notified to such representatives of local government as appeared to him to be appropriate the general nature of the amendments which he proposed to make.

2 Amendments

- 2.1 The First Secretary of State amends the basis of distribution specified in the Finance Report by:
- (i) substituting for the estimates of the Registrar General of the resident population, both split into specific age groups and in total, at 30 June 2002 a new determination of those numbers by the Registrar General based upon more accurate data;
 - (ii) substituting for the estimates of the Secretary of State for Transport of the total of the annual average flow of all motor vehicles (in millions) during 2003 on principal roads for which the authority is the highway authority a new determination of those numbers by the Secretary of State for Transport based upon more accurate data;
 - (iii) substituting for the estimates of the Secretary of State for Transport of the total of the annual average flow of heavy goods vehicles, buses and coaches (in millions) during 2003 on principal roads for which the authority is the highway authority a new determination of those numbers by the Secretary of State for Transport based upon more accurate data;
 - (iv) substituting for the estimates of the First Secretary of State of the total of any special levies in the financial year 2004/2005 to Internal Drainage Boards a new determination of those numbers by the First Secretary of State based upon more accurate data;
 - (v) substituting for the estimates of the First Secretary of State of assumed outstanding debt at 1st April 2004 a new determination by the First Secretary of State based upon more accurate data; and
 - (vi) substituting for the estimates of the First Secretary of State of Supported Capital Expenditure (Revenue) for 2004/2005 a new determination by the First Secretary of State based upon more accurate data.

Consequential changes are made in Sections 3 and 4, together with Annexes B, D, E, F and H of the Finance Report.

- 2.2 The Local Government Finance Report (England) 2004/2005 is amended as follows.
- 2.3 For Section 3 of the Finance Report there is substituted a revised Section 3 given at Annex A of this Report.
- 2.4 For Section 4 of the Finance Report there is substituted a revised Section 4 given at Annex B of this Report.
- 2.5 For Annex B of the Finance Report there is substituted a revised Annex B given at Annex C of this Report.
- 2.6 For Annex D of the Finance Report there is substituted a revised Annex D given at Annex D of this Report.
- 2.7 In Annex E, for the value of 26,402.312921, the Education Control Total, there is substituted the figure 26,402.144859.

- 2.8 In Annex E, for the value of 91.934157, the Schools Damping Control Total, there is substituted the figure 91.642935.
- 2.9 In Annex E, for the value of -0.012236, the LEA Damping Control Total, there is substituted the figure 0.110924.
- 2.10 In Annex E, for the value of 4,355.312000, the Police Control Total, there is substituted the figure 4,355.395000.
- 2.11 In Annex E, for the value of 60,575.321921, the Total Control Total, there is substituted the figure 60,575.236859.
- 2.12 For Annex F of the Finance Report there is substituted a revised Annex F given at Annex E of this Report.
- 2.13 In Annex H, for the table of Area Cost Adjustment factors, there is substituted the revised table given at Annex F of this Report.

3 Conclusion

- 3.1 This Amending Report is made by the First Secretary of State under section 84A of, and paragraph 13 of Schedule 8 to, the 1988 Act. It is laid before the House of Commons in accordance with those provisions.

Signed by authority of the First Secretary of State.

24 January 2006

Phil Woolas
Minister of State for Local Government
Office of the Deputy Prime Minister

Annex A

Revised Section 3 of the Local Government Finance Report (England) 2004/2005

The following revised Section 3 is substituted for Section 3 of the Local Government Finance Report (England) 2004/05.

3 Distribution of Revenue Support Grant

- 3.1 This section specifies the basis on which the First Secretary of State proposes to distribute among receiving authorities the amount of Revenue Support Grant which under Part V of the 1988 Act falls to be paid to such authorities for the year 2004/2005.
- 3.2 In order to calculate the amount of grant to be paid to each receiving authority, the First Secretary of State will first calculate the Formula Spending Share (“FSS”) for that authority. The method by which FSSs are to be calculated is set out in detail in section 4 of this Report. The calculation of FSSs makes use of information reflecting the demographic, physical and social characteristics of each area.
- 3.3 The grant calculation also takes into account an authority’s share of redistributed national non-domestic rates, its relative ability to raise council tax and the rules on floors and ceilings used to damp changes in grant from one year to the next.

Authorities with Education and Social Service Responsibilities

- 3.4 For London borough councils, metropolitan district councils, county councils, non-metropolitan district councils which have functions of county councils, the Council of the Isles of Scilly and the Common Council of the City of London the amount of Revenue Support Grant for each such authority for 2004/2005 is determined as the greater of **A** (the floor) or **B** (the formula-based amount) subject to a maximum of **C** (the ceiling);

where:

A is the greater of **A1** and **A2**

C is the greater of **C1** and **C2**

A1 Is $(1.040 \times (D + E)) - F - G$;

A2 Is $D + E + \text{‘Schools FSS Increase’} - F - G$

B Is $((H - A) \times X) + A$;

C1 Is $(1.075 \times (D + E)) - F - G$;

C2 Is **A2**

D Which represents the previous year’s grant support, is the sum of the following items:

The First Secretary of State's estimate of the authority's share of the Distributable Amount (Redistributed National Non-domestic Rates) calculated in accordance with section 6 of the Local Government Finance Report 2003/2004: Amending Report 2005, after adjusting for changes in the functions of councils or the financing of particular services¹, plus

¹ Changes in the financing of particular services for the year 2004/05 include the change in the financing of combined fire authorities in England (“CFAs”) which will become major precepting authorities for the year

The First Secretary of State's estimate of the authority's share of Revenue Support Grant calculated in accordance with section 3 of the Local Government Finance Report 2003/2004: Amending Report 2005, after adjusting for changes in the functions of councils or the financing of particular services, *plus*

The Secretary of State for the Home Department's estimate of the amount of any Police Grant payable to the authority for 2003/2004 calculated in accordance with section 5 of the Police Grant Report (England and Wales) 2003/2004: Amending Report 2005/2006, after adjusting for changes in the functions of councils or the financing of particular services; *plus*

For the City of London an additional £6.5m in respect of the termination of the arrangement under paragraph 4(5A) of Schedule 8 to the Local Government Finance Act 1988 whereby the City has been allowed to retain a portion of the business rates which it collects.

E is an adjustment which helps provide support for capital expenditure: if **L** is equal to or less than **M** then **E** is zero, if **L** is greater than **M** then **E** is equal to

$$(L - M) \times (F + H) / I$$

Schools FSS is F1 as defined in paragraph 4.17 of the original Local Government Finance Report 2004/2005 *plus*

Increase Schools Damping FSS for 2004/05 as defined in paragraph 4.19 of the original Local Government Finance Report 2004/2005 *minus*

C1 as defined in paragraph 4.17 of the original Local Government Finance Report 2004/2005

F is the authority's share of the Distributable Amount for 2004/2005 calculated in accordance with section 6 of this Report;

G is the amount of any Police Grant for the authority for 2004/2005 as shown in column (a) of the table contained in paragraph 3.1 of the Police Grant Report (England and Wales) 2004/2005: Amending Report 2005/2006;

H is the authority's preliminary calculated amount of RSG for 2004/2005, before any adjustments in respect of the floor and ceiling provisions, and is

$$I - F - (ANCT \times J \times K)$$

I is the FSS for the authority for 2004/2005, calculated in accordance with section 4 of this Report;

ANCT the assumed national council tax, is £1,061.4560278

J is the share of the assumed national council tax, ANCT, for the group of authorities within which the authority falls, as specified in Annex B of this Report;

- K** is the council tax base for Revenue Support Grant purposes (“the taxbase”) for the area of the authority, calculated in accordance with Annex C of this Report;
- L** is $((L1 \times 0.5) + (L2 \times 0.98) + (L3 \times 0.94)) \times 0.066 + ((L2 \times 1.00) + (L3 \times 0.96)) \times 0.04$
- L1** is the Supported Capital Expenditure (Revenue) indicator for the authority for 2004/2005 as defined in Annex D of this report;
- L2** is the Credit Approvals indicator for the authority for 2003/2004 used in deriving the Debt I indicator for 2004/2005 as defined in Annex D of this report;
- L3** is the Credit Approvals indicator for the authority for 2002/2003 used in deriving the Debt I indicator for 2004/2005 as defined in Annex D of this report;
- M** is $((M1 \times 0.5) + (M2 \times 0.98) + (M3 \times 0.94)) \times 0.066 + ((M2 \times 1.00) + (M3 \times 0.96)) \times 0.04$
- M1** is the Credit Approvals indicator for the authority for 2003/2004 as defined in Annex D of the Local Government Finance Report 2003/2004: Amending Report 2005, after adjusting for changes in the functions of councils or the financing of particular services;
- M2** is the Credit Approvals indicator for the authority for 2002/2003 used in deriving the Debt I indicator for 2003/2004 as defined in Annex D of the Local Government Finance Report 2003/2004: Amending Report 2005, after adjusting for changes in the functions of councils or the financing of particular services;
- M3** is the Credit Approvals indicator for the authority for 2001/02 used in deriving the Debt I indicator for 2003/2004 as defined in Annex D of the Local Government Finance Report 2003/2004: Amending Report 2005, after adjusting for changes in the functions of councils or the financing of particular services;
- X** A factor which reduces that part of the year-on-year grant increase which is above the floor to fund that part of the cost of the floor not met by the ceiling, is 0.9751331.

Police Authorities

- 3.5 For police authorities other than the Common Council of the City of London and the Metropolitan Police Authority, the amount of Revenue Support Grant for each such authority for 2004/2005 is determined as the greater of **A** (the floor) or **B** (the formula-based amount) subject to a maximum of **C** (the ceiling);

where:

- A** Is **(1.0325 x (D + E)) – F – G;**

- B** Is $((H - A) \times Y) + A;$
- C** Is $(1.25 \times (D + E)) - F - G;$

D, E, F, G, H, I, J, ANCT, K, L and M have the same meanings as in paragraph 3.4;

- Y** A factor which reduces that part of the year-on-year grant increase which is above the floor to fund that part of the cost of the floor not met by the ceiling, is 0.0029163.

Fire Authorities

- 3.6 For the metropolitan county fire and civil defence authorities and the combined fire authorities the amount of Revenue Support Grant for each such authority for 2004/2005 is determined as the greater of **A** (the floor) or **B** (the formula-based amount) subject to a maximum of **C** (the ceiling);

where:

- A** Is $(1.035 \times (D + E)) - F;$
- B** Is $((H - A) \times Y) + A;$
- C** Is $(1.058 \times (D + E)) - F;$

D, E, F, H, I, J, ANCT, K, L and M have the same meanings as in paragraph 3.4. For combined fire authorities the First Secretary of State has estimated amounts for items D, M1, M2 and M3 on the basis of what the position would have been in 2003/04 if the combined fire authorities had been major preceptors for the purposes of the 2003/04 Settlement;

- Y** A factor which reduces that part of the year-on-year grant increase which is above the floor to fund that part of the cost of the floor not met by the ceiling, is 0.9386219.

The Greater London Authority

- 3.7 The amount of Revenue Support Grant for the Greater London Authority (GLA) consists of the sum of an amount in respect of police services (R) and an amount in respect of fire services (S). The police amount is determined using the same floor, ceiling and scaling factor as for police authorities, other than the Common Council of the City of London and the Metropolitan Police Authority. The fire amount is determined using the same floor, ceiling and scaling factor as for the metropolitan county fire and civil defence authorities and the combined fire authorities. The formula for the GLA takes into account that the authority makes budgetary provision for police services for only a part of the GLA's area².
- 3.8 For the GLA the amount of Revenue Support Grant for 2004/2005 is determined as the sum of **R** plus **S**.

² Within the area of the City of London budgetary provision for police services is the responsibility of the Common Council of the City of London.

- 3.9 **R** is the greater of **A** (the floor) or **B** (the formula-based amount) subject to a maximum of **C** (the ceiling);

where:

- A** Is **(1.0325 x (D + E)) – F – G;**
- B** is **((H – A) x Y) + A;**
- C** is **(1.25 x (D + E)) – F – G;**
- D** Which represents the previous year's grant support, is the sum of the following items:

The First Secretary of State's estimate of that part of the GLA's share of the Distributable Amount (Redistributed National Non-domestic Rates) in respect of police services, calculated in accordance with section 6 of the Local Government Finance Report 2003/2004: Amending Report 2005, after adjusting for changes in the functions of councils or the financing of particular services, *plus*

The First Secretary of State's estimate of that part of the GLA's share of Revenue Support Grant in respect of police services, calculated in accordance with section 6 of the Local Government Finance Report 2003/2004: Amending Report 2005, after adjusting for changes in the functions of councils or the financing of particular services, *plus*

The Secretary of State for the Home Department's estimate of the amount of any Police Grant payable to the GLA for 2003/2004 calculated in accordance with section 5 of the Police Grant Report (England and Wales) 2003/2004: Amending Report 2005/2006 plus the amount specified in paragraph 4.4 of that Report, after adjusting for changes in the functions of councils or the financing of particular services;

F is the First Secretary of State's estimate of that part of the GLA's share of the Distributable Amount for 2004/2005 in respect of police services, calculated in accordance with section 6 of this Report;

G is the amount of the Police Grant for the GLA for 2004/2005 as shown in column (a) of the table contained in paragraph 3.1 of the Police Grant Report (England and Wales) 2004/2005: Amending Report 2005/2006;

H is the preliminary calculated amount of RSG for 2004/2005 for the GLA in respect of police services, before any adjustments in respect of the floor and ceiling provisions, and is

$$\mathbf{I - F - (ANCT \times J1 \times K1)}$$

I is the First Secretary of State's estimate of that part of the FSS for the GLA which is attributable to police services for 2004/2005, calculated in accordance with section 4 of this Report;

J1 is the share of the assumed national council tax, ANCT, for police services for the GLA, as specified in Annex B of this Report;

- K1** is the taxbase for that part of the GLA's area for which the GLA makes budgetary provision for police services, calculated in accordance with Annex C of this Report;
- L** is

$$((L1 \times 0.5) + (L2 \times 0.98) + (L3 \times 0.94)) \times 0.066 + ((L2 \times 1.00) + (L3 \times 0.96)) \times 0.04$$
- L1** is the First Secretary of State's estimate of that part of the Supported Capital Expenditure (Revenue) indicator which is attributable to police services for the GLA for 2004/2005 as defined in Annex D of this Report;
- L2** is the First Secretary of State's estimate of that part of the Credit Approvals indicator which is attributable to police services for the GLA for 2003/2004 used in deriving the Debt I indicator for 2004/2005 as defined in Annex D of this Report;
- L3** is the First Secretary of State's estimate of that part of the Credit Approvals indicator which is attributable to police services for the GLA for 2002/2003 used in deriving the Debt I indicator for 2004/2005 as defined in Annex D of this Report;
- M** is

$$((M1 \times 0.5) + (M2 \times 0.98) + (M3 \times 0.94)) \times 0.066 + ((M2 \times 1.00) + (M3 \times 0.96)) \times 0.04$$
- M1** is the First Secretary of State's estimate of that part of the Credit Approvals indicator which is attributable to police services for the GLA for 2003/2004 as defined in Annex D of the Local Government Finance Report 2003/2004: Amending Report 2005;
- M2** is the First Secretary of State's estimate of that part of the Credit Approvals indicator which is attributable to police services for the GLA for 2002/2003 used in deriving the Debt I indicator for 2003/2004 as defined in Annex D of the Local Government Finance Report 2003/2004: Amending Report 2005;
- M3** is the First Secretary of State's estimate of that part of the Credit Approvals indicator which is attributable to police services for the GLA for 2001/02 used in deriving the Debt I indicator for 2003/2004 as defined in Annex D of the Local Government Finance Report 2003/2004: Amending Report 2005;

E and ANCT have the same meanings as in paragraph 3.4; **Y** has the same value as in paragraph 3.5.

- 3.10 **S** is the greater of **A** (the floor) or **B** (the formula-based amount) subject to a maximum of **C** (the ceiling);

where:

- A** Is $(1.035 \times (D + E)) - F$;
- B** is $((H - A) \times Y) + A$;

- C** is $(1.058 \times (D + E)) - F;$
- D** Which represents the previous year's grant support, is the sum of the following items:
- The First Secretary of State's estimate of that part of the GLA's share of the Distributable Amount (Redistributed National Non-domestic Rates) in respect of fire services, calculated in accordance with section 6 of the Local Government Finance Report 2003/2004: Amending Report 2005, after adjusting for changes in the functions of councils or the financing of particular services, *plus*
- The First Secretary of State's estimate of that part of the GLA's share of Revenue Support Grant in respect of fire services, calculated in accordance with section 6 of the Local Government Finance Report 2003/2004: Amending Report 2005, after adjusting for changes in the functions of councils or the financing of particular services;
- F** is the First Secretary of State's estimate of that part of the GLA's share of the Distributable Amount for 2004/2005 in respect of fire services, calculated in accordance with section 6 of this Report;
- H** is the preliminary calculated amount of RSG for 2004/2005 for the GLA in respect of fire services, before any adjustments in respect of the floor and ceiling provisions, and is
- I - F - (ANCT x J2 x K2)**
- I** is the First Secretary of State's estimate of that part of FSS for the GLA which is attributable to fire services for 2004/2005, calculated in accordance with section 4 of this Report;
- J2** is the share of the assumed national council tax, ANCT, for the GLA for fire services, as specified in Annex B of this Report;
- K2** is the taxbase for the whole of the GLA's area, calculated in accordance with Annex C of this Report;
- L** is
 $((L1 \times 0.5) + (L2 \times 0.98) + (L3 \times 0.94)) \times 0.066 + ((L2 \times 1.00) + (L3 \times 0.96)) \times 0.04$
- L1** is the First Secretary of State's estimate of that part of the Supported Capital Expenditure (Revenue) indicator which is attributable to fire services for the GLA for 2004/2005 as defined in Annex D of this Report;
- L2** is the First Secretary of State's estimate of that part of the Credit Approvals indicator which is attributable to fire services for the GLA for 2003/2004 used in deriving the Debt I indicator for 2004/2005 as defined in Annex D of this Report;
- L3** is the First Secretary of State's estimate of that part of the Credit Approvals indicator which is attributable to fire services for the GLA for 2002/2003 used in deriving the Debt I indicator for 2004/2005 as defined in Annex D of this Report;
- M** is

$$((M1 \times 0.5) + (M2 \times 0.98) + (M3 \times 0.94)) \times 0.066 + ((M2 \times 1.00) + (M3 \times 0.96)) \times 0.04$$

- M1** is the First Secretary of State's estimate of that part of the Credit Approvals indicator which is attributable to fire services for the GLA for 2003/2004 as defined in Annex D of the Local Government Finance Report 2003/2004: Amending Report 2005;
- M2** is the First Secretary of State's estimate of that part of the Credit Approvals indicator which is attributable to fire services for the GLA for 2002/2003 used in deriving the Debt I indicator for 2003/2004 as defined in Annex D of the Local Government Finance Report 2003/2004: Amending Report 2005;
- M3** is the First Secretary of State's estimate of that part of the Credit Approvals indicator which is attributable to fire services for the GLA for 2001/02 used in deriving the Debt I indicator for 2003/2004 as defined in Annex D of the Local Government Finance Report 2003/2004: Amending Report 2005;

E and ANCT have the same meanings as in paragraph 3.4; **Y** has the same value as in paragraph 3.6.

Shire Districts without Education and Social Service Responsibilities

- 3.11 For non-metropolitan district councils which do not have functions of county councils the amount of Revenue Support Grant for each such authority is determined as the greater of **A** (the floor) or **B** (the formula-based amount) subject to a maximum of **C** (the ceiling);

where:

A is $(1.030 \times (D + E)) - F$;

B is $((H - A) \times Z) + A$;

C is $(1.500 \times (D + E)) - F$;

D, E, F, H, I, J, ANCT, K, L and **M** have the same meanings as in paragraph 3.4;

Z a factor which reduces that part of the year-on-year grant increase which is above the floor to fund that part of the cost of the floor not met by the ceiling, is 0.2874417.

Annex B

Revised Section 4 of the Local Government Finance Report (England) 2004/2005

The following revised Section 4 is substituted for Section 4 of the Local Government Finance Report (England) 2004/05.

4 The calculation of Formula Spending Shares

Introduction

- 4.1 A Formula Spending Share ('FSS') is calculated for each receiving authority. FSSs are built up from the relevant elements for the following seven major service blocks:

I	Education
II	Personal Social Services
III	Police
IV	Fire
V	Highway Maintenance
VI	Environmental, Protective and Cultural Services
VII	Capital Financing

- 4.2 The sum of all the relevant FSS elements produces a single FSS for each receiving authority. The purpose of the FSS is to distribute Revenue Support Grant.
- 4.3 Each of the following parts of this section describes the calculation of the FSS element or elements for one of the seven major service blocks. The description of each element has a similar framework: a brief description of the calculation, a list of the classes of authority for which the particular element is calculated, and a formula. The formula is generally specified in terms of the sum of a series of 'amounts' multiplied by 'indicators'. The amounts are in pounds and the indicators are given labels which appear in **BOLD CAPITALS** in the text. A full description of each indicator is given either in Annex D or in this section. Indicators are items of information which are available for each relevant authority. Examples of the types of indicators used are the size of the client group (e.g. numbers of pupils), a ratio (such as proportion of pensioners living alone) or some other relevant factor (such as density of population).
- 4.4 The sum of the FSS elements for individual authorities is constrained to equal the control total for the relevant service block or sub-block given in Annex E. To achieve this, generally the result for each authority of applying one of the formulae to its indicator data is multiplied by a scaling factor. The scaling factor for each relevant FSS element is given in Annex F and is equivalent to the ratio of the control total for the relevant service element (given in Annex E) to the sum across all relevant authorities of the results of applying the formula to their indicator data.

I Education

- 4.5 There are eight sub-blocks within the Education service block. The calculation of the FSS elements for each of these reflects different client groups and associated unit costs. The sub-blocks are *Primary*, *Secondary*, *Under 5*, *High Cost Pupils*, *Schools Damping*, *Youth and Community*, *Local Education Authority Central Functions* and *LEA Damping*. The first five sub-blocks comprise the Schools Block, and the last three sub-blocks comprise the LEA block. The calculation of the FSS elements for each of these sub-blocks is described in turn.
- 4.6 The FSS element for each sub-block of the Education service block is calculated for the following classes of authority:

non-metropolitan district councils which have functions of county councils,
county councils,
London borough councils,
Common Council of the City of London,
metropolitan district councils,
Council of the Isles of Scilly.

Primary Education

- 4.7 The main client group for the *Primary Education* sub-block is the number of pupils aged 5 to 10 years either educated in maintained schools in the area of the authority or educated otherwise than at maintained schools under arrangements made by the authority. Cost adjustments are incorporated in the formula to reflect the increased costs associated with additional educational needs, the sparsity of the population in an area and differences in the costs of provision between areas.
- 4.8 The *Primary Education* element for a particular authority consists of a basic amount per primary pupil plus top-ups for additional educational needs, sparsity and area costs:

Basic amount

PRIMARY	£2,111.48
EDUCATION	
BASIC AMOUNT	

Top-ups

PRIMARY	£1,370.00 multiplied by ADDITIONAL NEEDS FOR PRIMARY PUPILS
EDUCATION	
AEN TOP-UP	
PRIMARY	£175.00 multiplied by WARD SPARSITY
EDUCATION	
SPARSITY TOP-UP	

The full formula used to calculate the *Primary Education* element is:

Primary Education	
(a)	PUPILS AGED 5-10 multiplied by the result of: PRIMARY EDUCATION BASIC AMOUNT; plus PRIMARY EDUCATION AEN TOP-UP; plus PRIMARY EDUCATION SPARSITY TOP-UP;
(b)	The result of (a) is multiplied by AREA COST ADJUSTMENT FOR EDUCATION;
(c)	The result of (b) is then multiplied by the scaling factor given in Annex F for the <i>Primary Education</i> sub-block.

Secondary Education

- 4.9 The main client group for the *Secondary Education* sub-block is the number of pupils aged 11 to 15 years either educated in maintained schools in the area of the authority or educated otherwise than at maintained schools under arrangements made by the authority. It also includes pupils aged 16 and above but not in sixth forms. Similar cost adjustments to those for primary education are incorporated in the formula, to reflect the increased costs associated with additional educational needs and differences in the costs of provision between areas.
- 4.10 The *Secondary Education* element for a particular authority consists of a basic amount per secondary pupil plus top-ups for additional educational need and area costs:

Basic amount

SECONDARY EDUCATION BASIC AMOUNT	£2,826.94
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Top-up

SECONDARY EDUCATION AEN TOP-UP	£1,370.00 multiplied by ADDITIONAL NEEDS FOR SECONDARY PUPILS
---	--

The full formula used to calculate the *Secondary Education* element is:

Secondary Education	
(a)	PUPILS AGED 11 AND OVER IN SECONDARY SCHOOLS multiplied by the result of: SECONDARY EDUCATION BASIC AMOUNT; plus SECONDARY EDUCATION AEN TOP-UP;
(b)	The result of (a) is multiplied by AREA COST ADJUSTMENT FOR EDUCATION;
(c)	The result of (b) is then multiplied by the scaling factor given in Annex F for the <i>Secondary Education</i> sub-block.

Under 5 Education

- 4.11 The main client group for the Under 5 Education sub-block is pupils aged three and four educated in maintained schools or in private, voluntary or independent sectors who are in receipt of a nursery education grant paid through the local education authority in the area of the authority or who are in receipt of a place funded by the local education authority. As with the primary and secondary education sub-blocks, cost adjustments are incorporated in the formula to reflect the increased costs associated with additional educational needs, and differences in the costs of provision between areas.
- 4.12 The *Under 5 Education* element for a particular authority consists of a basic amount per pupil aged 3-4 plus top-ups for additional educational needs and area costs:

Basic amount

UNDER 5 EDUCATION BASIC AMOUNT	£2,639.96
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Top-up

UNDER 5 EDUCATION AEN TOP-UP	£1,370.00 multiplied by ADDITIONAL NEEDS FOR UNDER 5s
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The full formula used to calculate the *Under 5 Education* element is:

<i>Under 5 Education</i>	
(a)	PUPILS AGED 3 AND 4 multiplied by the result of: UNDER 5 EDUCATION BASIC AMOUNT ; plus UNDER 5 EDUCATION AEN TOP-UP ;
(b)	The result of (a) is multiplied by AREA COST ADJUSTMENT FOR EDUCATION ;
(c)	The result of (b) is then multiplied by the scaling factor given in Annex F for the <i>Under 5 Education</i> sub-block.

High Cost Pupils

- 4.13 The client group for the High Cost Pupils sub-block is based on an estimate of the number of high cost pupils in each authority, which uses 3-15 population data, Income Support data and low birth weight data.
- 4.14 The *High Cost Pupil* element for a particular authority consists of a basic amount per high cost pupil:

Basic amount

HIGH COST PUPILS £7,564.32
BASIC AMOUNT

The full formula used to calculate the *High Cost Pupils* element is:

High Cost Pupil
(a) HIGH COST PUPILS multiplied by HIGH COST PUPILS BASIC AMOUNT ;
(b) The result of (a) is multiplied by AREA COST ADJUSTMENT FOR EDUCATION ;
(c) The result of (b) is then multiplied by the scaling factor given in Annex F for the <i>High Cost Pupils</i> sub-block.

Schools Damping

4.15 This is designed to ensure that every authority receives at least a minimum increase per pupil in its Schools Block. This is financed partly by an amount of FSS additional to the formula and partly by a maximum increase per pupil. It gives a minimum per pupil increase of 5.0% to every LEA; and a maximum 6.8% per pupil increase to each LEA.

4.16 The *schools damping* sub-block is calculated as follows:

4.17 To determine whether an authority is subject to the floor or ceiling, an amount **Z1** is first calculated for each authority as follows:

B1/ A1

where:

- A1** is the sum C1 *plus* D1;
the result is then *divided by* E1
- C1** is the sum of the following items:
- the Primary Education FSS for 2003/04 as defined in paragraph 4.8 of The Local Government Finance Report (England) 2003/04 as amended by The Local Government Finance Report (England) 2003/04: Amending Report 2005, *plus*
 - the Secondary Education FSS for 2003/04 as defined in paragraph 4.10 of The Local Government Finance Report (England) 2003/04 as amended by The Local Government Finance Report (England) 2003/04: Amending Report 2005 adjusted for transfers of responsibility between authorities or to Academies, *plus*
 - the Under 5 Education FSS for 2003/04 as defined in paragraph 4.12 of The Local Government Finance Report (England) 2003/04 as amended by The Local Government Finance Report (England) 2003/04: Amending Report 2005, *plus*
 - the High Cost Pupils FSS for 2003/04 as defined in paragraph 4.14 of The Local Government Finance Report (England) 2003/04 as amended by The Local Government Finance Report (England) 2003/04: Amending Report 2005, *plus*
 - the Schools Damping FSS for 2003/04 as defined in paragraph 4.23 of The Local Government Finance Report (England) 2003/04 as amended by The Local Government Finance Report (England) 2003/04: Amending Report 2005, *plus*
 - the allocation of Budget Support Grant in 2003/04 as estimated by the Secretary of State for Education and Skills and notified to authorities on 16 March 2003, *plus*
 - the allocation of London Budget Support Grant in 2003/04 as estimated by the Secretary of State for Education and Skills and notified to authorities on 10 February 2003.
- D1** is an adjustment to reflect three-year-old pupils who were excluded from the calculation of Budget Support Grant..
- E1** is the sum of:
- (i) PUPILS AGED 3 AND 4 in 2003/04; *plus*
 - (ii) PUPILS AGED 5 TO 10 in 2003/04; *plus*
 - (iii) PUPILS AGED 11 AND OVER IN SECONDARY SCHOOLS in 2003/04 adjusted for transfers of responsibility between authorities or to Academies.
- B1** is F1 divided by G1.

F1

is the sum of the following items:

the Primary Education FSS for 2004/05 as defined in paragraph 4.8 of this Report, *plus*

the Secondary Education FSS for 2004/05 as defined in paragraph 4.10 of this Report, *plus*

the Under 5 Education FSS for 2004/05 as defined in paragraph 4.12 of this Report, *plus*

the High Cost Pupils FSS for 2004/05 as defined in paragraph 4.14 of this Report.

G1

is the sum of:

(i) **PUPILS AGED 3 AND 4; plus**

(ii) **PUPILS AGED 5 TO 10; plus**

(iii) **PUPILS AGED 11 AND OVER IN SECONDARY SCHOOLS**

- 4.18 If the amount **Z1** calculated under paragraph 4.17 is greater than 1.068, then an amount **Y1** is calculated as follows:

1.068 - Z1

else **Y1** is set to zero.

- 4.19 If the amount **Z1** calculated under paragraph 4.17 is less than 1.050, then an amount **X1** is calculated as follows:

1.050 - Z1

else **X1** is set to zero.

Schools damping

- (a) The result of **X1**, defined in paragraph 4.19 of this Report, *plus* **Y1**, defined in paragraph 4.18 of this Report;
- (b) The result of (a) is then *multiplied by A1 multiplied by the sum of:*
 - (i) **PUPILS AGED 3 AND 4; plus**
 - (ii) **PUPILS AGED 5 TO 10; plus**
 - (iii) **PUPILS AGED 11 AND OVER IN SECONDARY SCHOOLS**

Youth and Community

- 4.20 The client group for the *Youth and Community* sub-block is the population aged 13 to 19 years. Cost adjustments are incorporated in the formula to reflect the increased costs associated with deprivation and differences in the costs of provision between areas.

- 4.21 The *Youth and Community* element for a particular authority consists of a basic amount per person aged 13 to 19 and top-ups for deprivation, ethnicity and area costs:

Basic amount

YOUTH AND COMMUNITY BASIC AMOUNT	£77.69
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Top-ups

YOUTH AND COMMUNITY DEPRIVATION TOP-UP	£291.62 multiplied by CHILDREN OF INCOME SUPPORT /INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS ABOVE THRESHOLD
YOUTH AND COMMUNITY ETHNICITY TOP-UP	£95.21 multiplied by SECONDARY LOW ACHIEVING ETHNIC GROUPS ABOVE THRESHOLD

The full formula used to calculate the *Youth and Community* element is:

Youth and Community	
(a)	POPULATION AGED 13 TO 19 multiplied by the result of: YOUTH AND COMMUNITY BASIC AMOUNT ; plus YOUTH AND COMMUNITY DEPRIVATION TOP-UP ; plus YOUTH AND COMMUNITY ETHNICITY TOP-UP
(b)	The result of (a) is multiplied by AREA COST ADJUSTMENT FOR EDUCATION ;
(c)	The result of (b) is then multiplied by the scaling factor given in Annex F for the <i>Youth and Community Services</i> sub-block.

Local Education Authority Central Functions

- 4.22 The client groups for the *Local Education Authority Central Functions* sub-block are pupils aged 3 to 18, including those in school sixth-forms and academies and resident pupils aged 3 to 18. Cost adjustments are incorporated in the formula to reflect the increased costs associated with deprivation, sparsity and differences in the costs of provision between areas.
- 4.23 The *Local Education Authority Central Functions* element for a particular authority consists of a basic amount per pupil, a basic amount per resident pupil, a fixed cost amount, a residual pensions element and top-ups for deprivation, sparsity and area costs:

Basic amounts

PUPILS BASIC AMOUNT	£109.75
RESIDENT PUPILS BASIC AMOUNT	£110.00

Top-ups

PUPILS DEPRIVATION TOP-UP	£187.03 multiplied by CHILDREN OF INCOME SUPPORT /INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS ABOVE THRESHOLD
SPARSITY TOP-UP	£141.05 multiplied by WARD SPARSITY
RESIDENT PUPILS DEPRIVATION TOP-UP	£187.03 multiplied by 0.66 multiplied by CHILDREN OF INCOME SUPPORT /INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS ABOVE THRESHOLD

Fixed cost amount

LEA FIXED COST AMOUNT	£410,000.00
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The full formula used to calculate the *Local Education Authority Central Functions* element is:

Local Education Authority Central Functions	
(a)	PUPILS AGED 3 TO 18 multiplied by the result of: PUPILS BASIC AMOUNT; plus PUPILS DEPRIVATION TOP-UP
(b)	RESIDENT PUPILS AGED 3 TO 18 multiplied by the result of: RESIDENT PUPILS BASIC AMOUNT; plus SPARSITY TOP-UP; plus RESIDENT PUPILS DEPRIVATION TOP-UP
(c)	The result of (a) and (b) is multiplied by AREA COST ADJUSTMENT FOR EDUCATION ;
(d)	The result of (c) is then added to the sum of LEA FIXED COST AMOUNT and RESIDUAL COLLEGE LECTURERS PENSIONS ;
(e)	The result of (d) is then multiplied by the scaling factor given in Annex F for the <i>Local Education Authority</i> sub-block.

LEA Damping

4.24 This is designed to ensure that every authority receives a minimum increase in its LEA Block. It gives a minimum increase of 3.0% for every LEA; and a maximum 3.76% increase for every LEA.

4.25 The *LEA damping* sub-block is calculated as follows:

4.26 To determine whether an authority is subject to the floor or ceiling, an amount **Z2** is first calculated for each authority as follows:

B2/A2

where:

A2

is the sum of the following items:

the Youth and Community FSS for 2003/04 as defined in paragraph 4.16 of The Local Government Finance Report (England) 2003/04 as amended by The Local Government Finance Report (England) 2003/04: Amending Report 2005, *plus*

the Local Education Authority Central Functions FSS for 2003/04 as defined in paragraph 4.18 of The Local Government Finance Report (England) 2003/04 as amended by The Local Government Finance Report (England) 2003/04: Amending Report 2005, *plus*

the LEA Damping FSS as defined in paragraph 4.24 of The Local Government Finance Report (England) 2003/04 as amended by The Local Government Finance Report (England) 2003/04: Amending Report 2005

B2

is the sum of the following items:

the Youth and Community FSS for 2004/05 as defined in paragraph 4.21 of this Report, *plus*

the Local Education Authority Central Functions FSS for 2004/05 as defined in paragraph 4.23 of this Report.

4.27 If the amount **Z2** calculated under paragraph 4.26 is greater than 1.0376, then an amount **Y2** is calculated as follows:

1.0376- Z2

else **Y2** is set to zero.

4.28 If the amount **Z2** calculated under paragraph 4.26 is less than 1.030, then an amount **X2** is calculated as follows:

1.030 - Z2

else **X2** is set to zero.

LEA damping

- (a) The result of **X2**, defined in paragraph 4.28 of this Report, *plus* **Y2**, defined in paragraph 4.27 of this Report;
- (b) The result of (a) is then *multiplied by A2*.

II Personal Social Services

- 4.29 There are three sub-blocks within the Personal Social Services (PSS) service block. The calculation of the FSS elements for each of these reflects the different client groups and associated unit costs. The sub-blocks are *Social Services for Children*, *Social Services for Older People* and *Social Services for Younger Adults* (that is, services provided for adults under 65 years of age). The calculation of the FSS elements for each of these sub-blocks is described in turn.
- 4.30 The FSS element for each sub-block of the Personal Social Services block is calculated for the following classes of authority:

non-metropolitan district councils which have functions of county councils,
county councils,
London borough councils,
Common Council of the City of London,
metropolitan district councils,
Council of the Isles of Scilly.

Social Services for Children

- 4.31 This sub-block covers the provision of personal social services for children aged under 18 years of age. The client group for *Social Services for Children* is the population aged under 18 years. Variations in cost per person aged under 18 are built into the formula to reflect social and health conditions and differences in the costs of provision between areas.
- 4.32 The element for *Social Services for Children* for a particular authority consists of a basic amount per person aged 0-17 and top-ups for deprivation, foster care and area costs:

Basic amount

CHILDREN'S PSS	£113.51
BASIC AMOUNT	

Top-up

CHILDREN'S PSS DEPRIVATION TOP-UP	<i>£330.51 multiplied by CHILDREN LIVING IN FLATS; plus £2,551.63 multiplied by CHILDREN WITH LIMITING LONG-TERM ILLNESS; plus £474.62 multiplied by CHILDREN OF INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS; plus £918.51 multiplied by CHILDREN IN ONE ADULT HOUSEHOLDS; plus £0.82 multiplied by DENSITY; minus £131.26</i>
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The full formula used to calculate the *Social Services for Children* element is:

<i>Social Services for Children</i>	
(a)	RESIDENT POPULATION AGED 0-17 multiplied by the result of: CHILDREN'S PSS BASIC AMOUNT; plus CHILDREN'S PSS DEPRIVATION TOP-UP;
(b)	The result of (a) is multiplied by FOSTER COST ADJUSTMENT ;
(c)	The result of (b) is multiplied by AREA COST ADJUSTMENT FOR CHILDREN AND YOUNGER ADULTS PSS ;
(d)	The result of (c) is then multiplied by the scaling factor given in Annex F for the <i>Social Services for Children</i> sub-block.

Social Services for Older People

- 4.33 This sub-block covers the provision of personal social services for older people aged 65 years and over. The client group is the number of elderly people in households plus residents supported in residential or nursing care by the local authority. Cost adjustments are built into the formula to reflect differences in the costs of provision between areas and authorities' varying capacities to raise income from charges.
- 4.34 The element for *Social Services for Older People* for a particular authority consists of a basic amount per person aged 65 and over and top-ups for age, deprivation, sparsity, low income and area costs:

Basic amount

OLDER PEOPLE PSS £366.78
BASIC AMOUNT

Top-ups

OLDER PEOPLE PSS AGE TOP-UP **HOUSEHOLD AND SUPPORTED RESIDENTS AGED 75 TO 84**
divided by **HOUSEHOLD AND SUPPORTED RESIDENTS AGED 65 AND OVER**, rounded to 4 decimal places and multiplied by £343.38; plus
HOUSEHOLD AND SUPPORTED RESIDENTS AGED 85 AND OVER
divided by **HOUSEHOLD AND SUPPORTED RESIDENTS AGED 65 AND OVER**, rounded to 4 decimal places and multiplied by £1,158.07; minus
£192.68

OLDER PEOPLE PSS DEPRIVATION TOP-UP	$\text{£252.37 multiplied by PENSIONERS IN RENTED ACCOMODATION; plus}$ $\text{£364.48 multiplied by ELDERLY WITH LIMITING LONG-TERM ILLNESS; plus}$ $\text{£508.25 multiplied by ELDERLY ON INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE; plus}$ $\text{£304.69 multiplied by PENSIONERS LIVING ALONE; plus}$ $\text{£1,010.59 multiplied by ELDERLY ON ATTENDANCE ALLOWANCE OR DISABILITY LIVING ALLOWANCE; plus}$ $\text{£546.50 multiplied by PENSIONERS NOT IN A COUPLE AND NOT HEAD OF HOUSEHOLD; minus}$ £462.08
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The full formula used to calculate the *Social Services for Older People* element is:

Social Services for Older People	
(a)	HOUSEHOLD AND SUPPORTED RESIDENTS AGED 65 AND OVER multiplied by the result of: OLDER PEOPLE PSS BASIC AMOUNT; plus OLDER PEOPLE PSS AGE TOP-UP; plus OLDER PEOPLE PSS DEPRIVATION TOP-UP;
(b)	The result of (a) is multiplied by LOW INCOME ADJUSTMENT ;
(c)	The result of (b) is multiplied by SPARSITY ADJUSTMENT ;
(d)	The result of (c) is multiplied by AREA COST ADJUSTMENT FOR OLDER PEOPLE PSS ;
(e)	The result of (d) is then multiplied by the scaling factor given in Annex F for the <i>Social Services for Older People</i> sub-block.

Social Services for Younger Adults

- 4.35 This sub-block covers the provision of personal social services for people aged 18 to 64 years. The client group for *Social Services for Younger Adults* is the population aged 18 to 64 years. Variations in cost per person aged 18 to 64 years are built into the formula to reflect social and health conditions and differences in the costs of provision between areas.
- 4.36 The element for *Social Services for Younger Adults* for a particular authority consists of a basic amount per person aged 18-64 and top-ups for deprivation and area costs:

Basic amount

YOUNGER ADULTS PSS BASIC AMOUNT	£75.23
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Top-up

YOUNGER ADULTS PSS DEPRIVATION TOP-UP	$\text{£221.19 multiplied by INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS AGED 18 TO 64 YEARS; plus £100.55 multiplied by HOUSEHOLDS WITH NO FAMILY; plus £104.27 multiplied by HOUSEHOLDS LIVING IN PUBLIC SECTOR RENTED FLATS; minus £29.09}$
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The full formula used to calculate the *Social Services for Younger Adults* element is:

Social Services for Younger Adults

- (a) **RESIDENT POPULATION AGED 18-64 multiplied by the result of:
YOUNGER ADULTS PSS BASIC AMOUNT; plus
YOUNGER ADULTS PSS DEPRIVATION TOP-UP;**
- (b) The result of (a) is *multiplied by AREA COST ADJUSTMENT FOR CHILDREN AND YOUNGER ADULTS PSS*;
- (c) The result of (b) is then *multiplied by the scaling factor given in Annex F for the Social Services for Younger Adults sub-block.*

III Police

- 4.37 The main determinants of the FSS for the Police service block are the resident population, the day-time population (taking account of commuters and visitors), security expenditure and police pensions. Cost adjustments are built into the formula for the socio-economic and other characteristics of police force areas and for differences in the costs of provision between areas.
- 4.38 The FSS element for the Police service block is calculated for the following classes of authority:

Common Council of the City of London,
police authorities other than the Common Council of the City of London and the
Metropolitan Police Authority,
Greater London Authority.

- 4.39 The Police element for a particular authority consists of a basic amount per resident, a basic amount per person present in the authority during a 24-hour period (i.e. residents plus commuters plus visitors) and top-ups for deprivation, density, sparsity and area costs:

Basic amounts

POLICE BASIC AMOUNT 1	£29.36
POLICE BASIC AMOUNT 2	£36.29

Top-ups

POLICE DEPRIVATION TOP-UP 1	£0.82 multiplied by POLICE INDEX I ; plus £1.27 multiplied by POLICE INDEX III ; plus £31.23 multiplied by HOUSEHOLDS RENTING ; plus £103.19 multiplied by RESIDENTS IN OVERCROWDED HOUSEHOLDS ; plus £5.26 multiplied by STRIVING POPULATION ; plus £115.16 multiplied by YOUNG MALE UNEMPLOYMENT-RELATED BENEFIT CLAIMANTS ;
POLICE DEPRIVATION TOP-UP 2	£1.19 multiplied by POLICE INDEX II ;
POLICE DENSITY TOP-UP 1	£0.76 multiplied by POPULATION DENSITY ; minus £2.73 multiplied by POPULATION SPARSITY ;
POLICE DENSITY TOP-UP 2	£2.34 multiplied by POPULATION DENSITY
POLICE SPARSITY TOP-UP	£4.51 multiplied by POPULATION SPARSITY

The full formula used to calculate the *Police* element is:

Police	
(a)	DAYTIME POPULATION multiplied by the result of: POLICE BASIC AMOUNT 1; plus POLICE DEPRIVATION TOP-UP 1; plus POLICE DENSITY TOP-UP 1;
(b)	RESIDENT POPULATION multiplied by the result of: POLICE BASIC AMOUNT 2; plus POLICE DEPRIVATION TOP-UP 2; plus POLICE DENSITY TOP-UP 2; plus POLICE SPARSITY TOP-UP;
(c)	The sum of: £1,339.03 multiplied by BUILT-UP ROAD LENGTHS ; plus £13,410.72 multiplied by MOTORWAY LENGTHS ;
(d)	The results of (a) to (c) inclusive are added together and the result is multiplied by AREA COST ADJUSTMENT FOR POLICE ;
(e)	The result of (d) is then added to the sum of SECURITY EXPENDITURE and POLICE PENSIONS ;
(f)	The result of (e) is then multiplied by the result of 1 minus POLICE GRANT RATE ;
(g)	The result of (f) is then multiplied by the scaling factor given in Annex F for the Police service block.

IV Fire

4.40 The main determinants of the FSS for the Fire service block are resident population, firefighters' pensions and fire safety. Cost adjustments are made for the length of coastline, deprivation and the area classified as 'category A' risk in terms of fire cover. Cost adjustments are also made for differences in the costs of provision between areas.

4.41 The FSS element for the Fire service block is calculated for the following classes of authority:

county councils which have responsibility for the provision of fire services,
 Greater London Authority,
 metropolitan county fire and civil defence authorities,
 combined fire authorities,
 Council of the Isles of Scilly.

4.42 The Fire element for a particular authority consists of a basic amount per resident and top-ups for coastline, deprivation, fire risk areas, fire safety enforcement, community fire safety and area costs:

Basic amounts

FIRE BASIC AMOUNT	£18.00
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Top-ups

FIRE COASTLINE TOP-UP	£6.87 multiplied by COASTLINE
FIRE DEPRIVATION TOP-UP	£0.50 multiplied by FIRE INDEX 1
FIRE RISK TOP-UP	£1,214.68 multiplied by ' A ' RISK AREAS
FIRE SAFETY ENFORCEMENT TOP-UP	FIRE SAFETY ENFORCEMENT
COMMUNITY FIRE SAFETY TOP-UP	COMMUNITY FIRE SAFETY

The full formula used to calculate the *Fire* element is:

Fire	
(a)	RESIDENT POPULATION multiplied by the result of: FIRE BASIC AMOUNT; plus FIRE COASTLINE TOP-UP; plus FIRE DEPRIVATION TOP-UP; plus FIRE RISK TOP-UP; plus FIRE SAFETY ENFORCEMENT TOP-UP; plus COMMUNITY FIRE SAFETY TOP-UP;
(b)	The result of (a) is then multiplied by AREA COST ADJUSTMENT FOR FIRE ;
(c)	FIRE PENSIONS is multiplied by 0.16;
(d)	The result of (c) is multiplied by the control total given in Annex E for the Fire service block;
(e)	The result of (b) and (d) are added together and the result is then multiplied by the scaling factor given in Annex F for the Fire service block.

V Highway Maintenance

4.43 The main determinants of the FSS for the Highway Maintenance block are the lengths of road of different types for which each highway authority is responsible, the relative costs of maintenance for these road types and the estimated unit costs per kilometre, which take account of traffic flows, population, visitors and commuters and winter weather conditions. A cost adjustment is made to reflect differences in the costs of provision between areas.

4.44 The FSS for the Highway Maintenance block is calculated for the following classes of authority:

non-metropolitan district councils which have functions of county councils,
county councils,
London borough councils,
Common Council of the City of London,
metropolitan district councils,
Council of the Isles of Scilly.

4.45 The *Highway Maintenance* element for a particular authority consists of a basic amount per weighted road-length and top-ups for usage, winter weather and area costs:

Basic amount

HIGHWAY BASIC AMOUNT	£433.51
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Top-ups

USAGE TOP-UP	£76.77 multiplied by TRAFFIC FLOW ; plus £5.43 multiplied by DAYTIME POPULATION PER KM
WINTER MAINTENANCE TOP-UP	£3.15 multiplied by DAYS WITH SNOW LYING ; plus £7.10 multiplied by PREDICTED GRITTING DAYS

The full formula used to calculate the *Highway Maintenance* element is:

Highway Maintenance
(a) WEIGHTED ROAD LENGTHS multiplied by the result of: HIGHWAY BASIC AMOUNT ; plus USAGE TOP-UP ; plus WINTER MAINTENANCE TOP-UP ;
(b) The result of (a) is multiplied by AREA COST ADJUSTMENT FOR HIGHWAY MAINTENANCE ;
(c) The result of (b) is then multiplied by the scaling factor given in Annex F for the Highway Maintenance service block.

VI Environmental, Protective and Cultural Services

4.46 This block includes services provided by local authorities other than those specifically covered elsewhere in this section of the Report. The FSS element for these services is calculated in a number of stages. The main part of the calculation reflects the division of the services covered into two groups to reflect the division of responsibilities for providing services in non-metropolitan areas: some services are provided predominantly by district councils, others by county councils (see Annex G). There are also further adjustments, for example, for flood defence and coast protection. These further adjustments are described below.

Services provided predominantly by non-metropolitan district councils in non-metropolitan areas

4.47 The client group for these services is the total resident population in an area. There are cost adjustments for population density, social and economic conditions, the sparsity of population in an area, and differences in the cost of provision between areas.

4.48 The FSS element for these services is calculated for the following classes of authority:

district councils,
county councils which have the functions of district councils,
London borough councils,
Common Council of the City of London,
Council of the Isles of Scilly.

4.49 The FSS element for a particular authority consists of a basic amount per resident and top-ups for density, sparsity, additional population, deprivation and area costs:

Basic amount

DISTRICT SERVICES	£72.63
EPCS BASIC	
AMOUNT	

Top-ups

DISTRICT SERVICES	£5.77 multiplied by POPULATION DENSITY
EPCS DENSITY	
TOP-UP	

DISTRICT SERVICES	£34.82 multiplied by POPULATION SPARSITY
EPCS	
SPARSITY TOP-UP	

DISTRICT SERVICES	£29.85 multiplied by NET IN-COMMUTERS ; plus
EPCS	£24.87 multiplied by DAY VISITORS
ADDITIONAL POPULATION	
TOP-UP	

DISTRICT SERVICES EPCS	£129.35 multiplied by INCAPACITY BENEFIT AND SEVERE DISABLEMENT ALLOWANCE ; plus
DEPRIVATION TOP-UP	£159.20 multiplied by INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS ; plus
	£129.35 multiplied by ELDERLY ON INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE ; plus
	£159.20 multiplied by UNEMPLOYMENT RELATED BENEFIT CLAIMANTS ; plus
	£29.85 multiplied by COUNTRY OF BIRTH OF RESIDENTS

The full formula used to calculate the FSS element for these services is:

Services provided predominantly by non-metropolitan district councils in non-metropolitan areas	
(a)	RESIDENT POPULATION multiplied by the result of: DISTRICT SERVICES EPCS BASIC AMOUNT ; plus DISTRICT SERVICES EPCS DENSITY TOP-UP ; plus DISTRICT SERVICES EPCS SPARSITY TOP-UP ;
(b)	DISTRICT SERVICES EPCS ADDITIONAL POPULATION TOP-UP ; plus DISTRICT SERVICES EPCS DEPRIVATION TOP-UP
(c)	The result of (a) and (b) are added together and the result is then multiplied by AREA COST ADJUSTMENT FOR ENVIRONMENTAL, PROTECTIVE AND CULTURAL SERVICES ;
(d)	The result of (c) is then multiplied by the scaling factor given in Annex F for these services;

Services provided predominantly by county councils in non-metropolitan areas

4.50 The client group for these services is the total resident population in an area. There are adjustments for population density, social and economic conditions and differences in the cost of provision between areas. The calculations reflect the fact that responsibility for public transport support in London lies with Transport for London. Adjustments are also made to take account of the provision of some services by the Greater London Authority which were formerly provided by the Common Council of the City of London and London borough councils (this adjustment is described in (d) of paragraph 4.52 below).

4.51 The FSS element for these services is calculated for the following classes of authority:

non-metropolitan district councils which have functions of county councils,
metropolitan district councils,
county councils
London borough councils,
Common Council of the City of London,
Council of the Isles of Scilly.

4.52 The FSS element for these services for a particular authority consists of a basic amount per resident and top-ups for density, additional population, deprivation and area costs:

Basic amount

COUNTY SERVICES	
EPCS BASIC	£48.15
AMOUNT	

Top-ups

COUNTY SERVICES	<i>£1.23 multiplied by POPULATION DENSITY</i>
EPCS DENSITY	
TOP-UP	
COUNTY SERVICES	<i>£30.73 multiplied by NET IN-COMMUTERS; plus</i>
EPCS	<i>£51.22 multiplied by DAY VISITORS</i>
ADDITIONAL	
POPULATION	
TOP-UP	
COUNTY SERVICES	<i>£184.41 multiplied by UNEMPLOYMENT RELATED BENEFIT</i>
EPCS	<i>CLAIMANTS; plus</i>
DEPRIVATION	<i>£143.43 multiplied by INCOME SUPPORT/INCOME BASED</i>
TOP-UP	<i>JOBSEEKER'S ALLOWANCE CLAIMANTS; plus</i>
	<i>£71.71 multiplied by INCAPACITY BENEFIT AND SEVERE</i>
	<i>DISABILITY ALLOWANCE ; plus</i>
	<i>£35.86 multiplied by COUNTRY OF BIRTH OF RESIDENTS</i>

The full formula used to calculate the FSS element for these services is:

Services provided predominantly by county councils in non-metropolitan areas

- (a) **RESIDENT POPULATION** *multiplied by the result of:*
COUNTY SERVICES EPCS BASIC AMOUNT; plus
COUNTY SERVICES EPCS DENSITY TOP-UP;
- (b) **COUNTY SERVICES EPCS ADDITIONAL POPULATION TOP-UP; plus**
COUNTY SERVICES EPCS DEPRIVATION TOP-UP
- (c) The result of (a) and (b) is added together and the result is then *multiplied by AREA COST ADJUSTMENT FOR ENVIRONMENTAL, PROTECTIVE AND CULTURAL SERVICES*;
- (d) For London boroughs and the Common Council of the City of London, the result of (c) is then *multiplied by 0.811*
- (e) The result of (d) is then *multiplied by the scaling factor given in Annex F for these services;*

Fixed Costs

4.53 An FSS element for *Fixed Costs* is calculated for the following classes of authority:

- district councils,
- county councils,
- London borough councils,
- Common Council of the City of London,
- Council of the Isles of Scilly.

4.54 The *Fixed Costs* element for each authority is £300,000.

Flood Defence

4.55 An FSS element for *Flood Defence* is calculated for the following classes of authority:

- district councils,
- county councils,
- London borough councils,
- Common Council of the City of London,
- Council of the Isles of Scilly.

4.56 The *Flood Defence* element for a particular authority is calculated as follows:

Flood Defence
(a) FLOOD DEFENCE EXPENDITURE is multiplied by the scaling factor given in Annex F for <i>Flood Defence</i> .

Continuing Environment Agency Levies

4.57 An FSS element for *Continuing Environment Agency Levies* is calculated for the following classes of authority:

- non-metropolitan district councils which have functions of county councils,
- metropolitan district councils,
- county councils,
- London borough councils,
- Common Council of the City of London,
- Council of the Isles of Scilly.

4.58 The *Continuing Environment Agency Levies* element for a particular authority is calculated as follows:

Continuing Environment Agency Levies
(a) ENVIRONMENT AGENCY (ENGLAND) LEVY is multiplied by the scaling factor given in Annex F for <i>Continuing Environment Agency Levy</i> .

Coast Protection

4.59 An FSS element for *Coast Protection* is calculated for the following classes of authority:

district councils,
county councils,
London borough councils,
Common Council of the City of London,
Council of the Isles of Scilly.

4.60 The *Coast Protection* element for a particular authority is calculated as follows:

Coast Protection

- (a) **COAST PROTECTION EXPENDITURE** is *multiplied by* the scaling factor given in Annex F for *Coast Protection*

VII Capital Financing

4.61 This service block covers the cost of financing capital expenditure incurred in providing all local authority services, other than those accounted for within the Housing Revenue Account, and interest receipts.

4.62 An FSS element for *Capital Financing* is calculated for the following classes of authority:

district councils,
county councils,
London borough councils,
Common Council of the City of London,
Greater London Authority,
police authorities other than the Common Council of the City of London and the
Metropolitan Police Authority,
metropolitan county fire and civil defence authorities,
combined fire authorities,
Council of the Isles of Scilly.

4.63 The FSS element for *Capital Financing* is the sum of three components:

- (i) debt charges;
- (ii) interest earned on reserved receipts; and
- (iii) other interest receipts.

4.64 The main determinant of the assumed cost of financing capital expenditure incurred prior to 1990/91 is the assumed level of outstanding debt at the beginning of the 1990/91 financial year. This is the larger of a notional debt figure, based on elements of the grant-related expenditure assessments for the financial year 1989/90 which relate to the cost of financing capital expenditure for the authority and/or its predecessors, or an estimate of actual debt, based principally on the adjusted initial credit ceiling¹ for the authority and/or its predecessors.

4.65 For capital expenditure incurred on or after 1 April 1990 and before 1 April 2004 the main determinant of the assumed cost of financing capital expenditure is an estimate of Basic and Supplementary Credit Approvals for the authority and/or its predecessors, or in the case of the Greater London Authority, aggregate and additional credit approvals.

4.66 For capital expenditure incurred on or after 1 April 2004 the main determinant of the assumed cost of financing capital expenditure is an estimate of Supported Capital Expenditure (Revenue) ('SCE(R)'), defined in Annex D, for the authority.

4.67 The assumed cost of financing capital expenditure comprises interest charges and repayments of debt. Interest charges are calculated by applying a notional pool rate of interest to each authority's assumed mid-year outstanding debt. Repayments of debt are calculated as 4 per cent of assumed outstanding debt at the end of the preceding financial year.

¹ The adjusted initial credit ceiling has the same meaning as it had in regulation 24 of the Local Authorities (Capital Finance) Regulations 1990 (S.I. 1990/432).

4.68 Reserved capital receipts which have to be set aside as provision to meet credit liabilities ('reserved receipts') are assumed to be distributed in proportion to an adjusted figure for assumed outstanding debt at 1 April 1997. The adjusted debt figure takes into account the additional debt which an authority would have incurred if it had had to borrow to finance the assets which are assumed to have been financed out of past capital receipts. Set proportions of the total of reserved receipts are assumed to lie with the following groups of authorities:

- (i) non-metropolitan district councils which do not have functions of county councils;
- (ii) county councils which do not have the functions of district councils, and shire county police authorities (as defined in paragraph 4.70 below);
- (iii) county councils which have the functions of district councils and non-metropolitan district councils which have functions of county councils; and
- (iv) London borough councils, the Common Council of the City of London, the Greater London Authority, metropolitan county fire and civil defence authorities, the Council of the Isles of Scilly, and police authorities other than the Common Council of the City of London, the Metropolitan Police Authority and shire county police authorities.

4.69 Other interest receipts are assumed to be distributed in proportion to non-capital FSS shares. Set proportions of the total of other interest receipts are assumed to lie with the following groups of authorities:

- (i) non-metropolitan district councils which do not have functions of county councils;
- (ii) county councils which do not have the functions of district councils, shire county police authorities (as defined in paragraph 4.70 below), and combined fire authorities;
- (iii) county councils which have the functions of district councils;
- (iv) non-metropolitan district councils which have functions of county councils; and
- (v) all remaining authorities.

4.70 For the purpose of paragraphs 4.68 and 4.69, a shire county police authority is a police authority in England whose police area is that listed in Schedule 1 to the Police Act 1996, with the exception of Greater Manchester, Merseyside, Northumbria, South Yorkshire, West Midlands and West Yorkshire.

Debt charges

4.71 The *debt charges* component of the FSS element for Capital Financing for a particular authority is calculated as follows:

Debt charges	
(a)	DEBT I; plus SUPPORTED CAPITAL EXPENDITURE (REVENUE) multiplied by 0.5; minus DEBT I multiplied by 0.02;
(b)	The result of (a) is then <i>multiplied by INTEREST RATE</i> ;
(c)	The result of (b) is then <i>added to DEBT I multiplied by 0.04</i> ;
(d)	The result of (c) is then <i>multiplied by the scaling factor given in Annex F for Debt charges</i> .

Interest on reserved receipts

4.72 The *interest on reserved receipts* component of the FSS element for Capital Financing for a particular authority is calculated as follows:

Interest on reserved receipts	
(a)	DEBT II is divided by the sum of DEBT II for the group of authorities within which the authority falls;
(b)	The result of (a) is <i>multiplied by x as set out in paragraph 4.74 below</i> ;
(c)	The result of (b) is then <i>multiplied by the control total for Interest on reserved receipts given in Annex E</i> .

4.73 For the purpose of (a) in paragraph 4.72, the groups of authorities are set out in paragraph 4.68 above.

4.74 For the purpose of (b) in paragraph 4.72, for the groups of authorities set out in paragraph 4.68 above:

- for (i) $x = 0.28555$;
- for (ii) $x = 0.11227$;
- for (iii) $x = 0.20218$; and
- for (iv) $x = 0.4$.

4.75 The calculation set out above is equivalent to multiplying **DEBT II** by the scaling factor given in Annex F for *Interest on reserved receipts* for the group of authorities to which the authority belongs.

Other interest receipts

4.76 The *Other interest receipts* component of the FSS element for *Capital Financing* for a particular authority is calculated as follows:

<i>Other interest receipts</i>	
(a)	The total of all FSS elements for the authority is <i>divided by</i> the total of all FSS elements for the group of authorities within which the authority falls;
(b)	The result of (a) is <i>multiplied by</i> x as set out in paragraph 4.78 below;
(c)	The result of (b) is then <i>multiplied by</i> the control total for <i>Other interest receipts</i> given in Annex E.

4.77 For the purpose of (a) in paragraph 4.76, the FSS elements are those described in paragraphs 4.5 to 4.60 above and the groups of authorities are set out in paragraph 4.69 above.

4.78 For the purpose of (b) in paragraph 4.76, for the groups of authorities set out in paragraph 4.69 above:

- for (i) $x = 0.14466$;
- for (ii) $x = 0.33748$;
- for (iii) $x = 0.00273$;
- for (iv) $x = 0.16553$; and
- for (v) $x = 0.34960$.

4.79 The calculation set out above is equivalent to multiplying the total of all FSS elements described in paragraphs 4.5 to 4.60 above for the authority by the scaling factor given in Annex F for *Other interest receipts* for the group of authorities to which the authority belongs.

4.80 The result of (d) in paragraph 4.71 is added to the results of (c) in paragraph 4.72, if any, and (c) in paragraph 4.76 to give the FSS for the Capital Financing service block.

Annex C

Revised Annex B of the Local Government Finance Report (England) 2004/2005

The following revised Annex B is substituted for Annex B of the Local Government Finance Report (England) 2004/05.

Annex B

Shares of the Assumed National Council Tax used in Calculating an Authority's Share of Revenue Support Grant

- 1 The distribution of Revenue Support Grant takes into account the amount of council tax which an authority is assumed to be able to raise from its council tax payers. Since in all areas of England council services are supplied by more than one type of local authority the assumed national council tax has to be divided between the authorities supplying services in an area.
- 2 The table below shows the share of the assumed national council tax for each type of authority.

<i>Class of Authority</i>	<i>Share of assumed national council tax</i>
Common Council of the City of London	0.96322436
Inner London borough councils	0.87587422
Outer London borough councils	0.87587422
Metropolitan district councils	0.87587422
Council of the Isles of Scilly	0.91264986
County councils which have the functions of district councils	0.91264986
Non-metropolitan district councils which have the functions of county councils	0.87587422
County councils which do not have the functions of district councils and which have responsibility for the provision of fire services	0.74221418
County councils which do not have the functions of district councils and which do not have responsibility for the provision of fire services	0.70543854
Non-metropolitan district councils which do not have the functions of county councils	0.17043568
Greater London Authority	
Police services	0.08735014
Fire services	0.03677564
Police authorities (excluding the Common Council of the City of London and the Metropolitan Police Authority)	0.08735014
Metropolitan county fire & civil defence authorities, combined fire authorities	0.03677564

Annex D

Revised Annex D of the Local Government Finance Report (England) 2004/2005

The following revised Annex D is substituted for Annex D of the Local Government Finance Report (England) 2004/05.

Annex D

Definition of Indicators Used for Each Authority in the Calculation of Formula Spending Shares

Introduction

Unless otherwise stated, data used to construct indicators for the calculation of Formula Spending Shares ('FSS') are those available to the First Secretary of State on 3 October 2003, with the exception of the revised 2002 population data that were published by ONS on 9 September 2004, concerning the authorities relevant to the calculation of specific FSS elements.

Data used to construct indicators for this purpose for receiving authorities which are reorganised authorities comprise such data available, unless otherwise stated, on 3 October 2003 concerning the predecessor authorities, or parts of the predecessor authorities, as the First Secretary of State considers appropriate. A reorganised authority is an authority subject to a structural, or a structural and boundary change, which came into effect on 1 April 1995, 1 April 1996, 1 April 1997, 1 April 1998 or 1 April 2000 and which is made by an order under section 17 of the Local Government Act 1992 or under section 323 of the Greater London Authority Act 1999. Reorganised authorities for this purpose are listed in Annex I.

The following definitions are ordered according to the indicators required for the calculation of FSS elements for the seven major service blocks.

I Education

Pupils at independent schools becoming maintained schools

Numbers of pupils aged 3 and over have been adjusted, as the Secretary of State for Education and Skills considers appropriate, to reflect:

- (i) the estimated number of children in independent schools in respect of which the Secretary of State for Education and Skills had approved by 3 October 2003 proposals under section 212 of the Education Act 1996 for such schools to be maintained by a local education authority during the 2004/2005 financial year; and
- (ii) the estimated number of children in independent schools in respect of which the Secretary of State for Education and Skills had approved by 3 October 2003 proposals under section 41 of the Education Act 1996 for such schools to be maintained by a local education authority during the 2004/2005 financial year.

PUPILS AGED 5-10	The number of pupils who had attained the age of 5 and had not attained the age of 11 at 31 August 2002.
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Numbers of pupils aged 5-10 are estimated by the Secretary of State for Education and Skills mainly on the basis of a count at the beginning of the spring term 2003. Pupils in the count are those who:

- (i) were registered at community, foundation or voluntary schools or community or foundation special schools maintained by the authority or grant maintained schools in the area of the authority; or
- (ii) were registered at independent schools, or schools not maintained by an authority and approved by the Secretary of State for Education and Skills as special schools under section 342 of the Education Act 1996, and in respect of whom the tuition fees were paid in full by the authority; or
- (iii) were receiving education outside school in pursuance of arrangements made by the authority.

PUPILS AGED 11 AND OVER IN SECONDARY SCHOOLS	The sum of:
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- (i) The number of pupils in maintained schools who had attained the age of 11 and had not attained the age of 16 at 31 August 2003; *plus*
- (ii) The number of pupils educated otherwise than in maintained schools under arrangements made by the authority who had attained the age of 11 and had not attained the age of 16 at 31 August 2002; *plus*
- (iii) The number of pupils who were aged 16 or over who were being educated in secondary schools (other than in sixth forms) at 31 August 2003; *plus*

- (iv) The number of pupils aged 16 and over who were being educated by the authority in Pupil Referral Units, or who were being educated outside school in pursuance of arrangements made by the authority (excluding non-statemented pupils in hospitals); *minus*
- (v) An adjustment for pupils in academies opening in September 2004.

Numbers of pupils aged 11 and over in secondary schools and pupil referral units are estimated by the Secretary of State for Education and Skills, mainly on the basis of a count at the beginning of the autumn term 2003. Pupils in that count are those who had attained the age of 11 and over at 31 August 2003 and were registered at community, foundation or voluntary schools or community or foundation special schools maintained by the authority which normally educate children aged 11 and over. These exclude pupils in academy schools. The pupil numbers are those available to the Secretary of State for Education and Skills on 17 October 2003. An adjustment to pupil numbers is made to reflect a change in responsibility for funding part way through the financial year 2004/05. This is calculated as 7/12 multiplied by the number of pupils at the beginning of the autumn term 2003 in schools becoming academies in September 2004.

Numbers of pupils aged 11 and over in secondary schools also include the numbers of pupils estimated by the Secretary of State for Education and Skills on the basis of a count at the beginning of the spring term 2003 who had attained the age of 11 and over at 31 August 2002 and who:

- (i) were registered at independent schools, or schools not maintained by an authority and approved by the Secretary of State for Education and Skills as special schools under section 342 of the Education Act 1996, and in respect of whom the tuition fees were paid in full by the authority; or
- (ii) were receiving education outside school in pursuance of arrangements made by the authority; or
- (iii) were receiving education in primary schools, other than schools which normally educate children aged 11 and over.

PUPILS AGED 3 AND 4 The sum of:

- (i) **PUPILS AGED 3** (as defined below) divided by 2; *plus*
- (ii) **PUPILS AGED 4** (as defined below).

PUPILS AGED 3 The sum of:

- (i) The part-time equivalent number of pupils aged 4 at 31 December 2002 but aged 3 at 31 August 2002 in maintained schools; *plus*
- (ii) The part-time equivalent number of pupils aged 4 at 31 December 2002 but aged 3 at 31 August 2002 in private, voluntary and independent settings in receipt of a place funded

by the local education authority; *plus*

(iii) Either:

The part-time equivalent number of pupils aged 3 at 31 December 2002 in maintained schools; *plus*

The part-time equivalent number of pupils aged 3 at 31 December 2002 in private, voluntary and independent settings funded by the local education authority;

or

the resident population aged 3 at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004, *multiplied by 0.85*,

Whichever is the greater.

Part-time equivalent numbers of pupils aged 3 at 31 December 2002 and part-time equivalent numbers of pupils aged 4 at 31 December 2002 but aged 3 at 31 August 2002 in the maintained sector are estimated by the Secretary of State for Education and Skills, mainly on the basis of a count at the beginning of the spring term 2003. Pupils in the count are those who were registered at nursery, community, foundation or voluntary schools or community or foundation special schools maintained by the authority. This also includes pupils registered at independent schools, or schools not maintained by an authority and approved by the Secretary of State for Education and Skills as special schools under Section 342 of the Education Act 1996, and in respect of whom the tuition fees are paid in full by the authority. In calculating the part-time equivalent number of pupils, both part time pupils and full time pupils are counted as one part-time equivalent pupil.

Part-time equivalent numbers of pupils aged 3 as at 31 December 2002, and part-time equivalent numbers of pupils aged 4 at 31 December 2002 but aged 3 at 31 August 2002, in the private, voluntary or independent sectors are estimated by the Secretary of State for Education and Skills on the basis of a count at the beginning of the spring term 2003. Pupils in the count are those who are receiving nursery education, which is funded by the local education authority and provided in the private, voluntary or independent sectors by a person other than a local education authority. This also includes pupils educated in local authority provision outside nursery or maintained schools but not in private, voluntary or independent settings and for whom funding is provided by the local education authority. In calculating the part-time equivalent number of pupils, five sessions or above are calculated to be the equivalent of a part-time pupil. Pupils attending for less than five sessions are counted pro-rata to the number of sessions attended; for example a pupil attending one session a week will be counted as one fifth of a part-time equivalent pupil.

PUPILS AGED 4

The sum of:

- (i) The full-time equivalent number of pupils who had attained the age of 4 and had not attained the age of 5 in schools maintained by the authority as at 31 August 2002; *plus*
- (ii) The full-time equivalent number of pupils who had attained the age of 4 and had not achieved the age of 5 as at 31 August 2002 in private, voluntary and independent settings and in receipt of a place funded by the local education authority.

Full-time equivalent numbers of pupils aged 4 in maintained schools are estimated by the Secretary of State for Education and Skills, mainly on the basis of a count at the beginning of the spring term 2003. Pupils in the count are those who were registered at nursery, community, foundation or voluntary schools or community or foundation special schools maintained by the authority. This also includes pupils registered at independent schools, or schools not maintained by an authority and approved by the Secretary of State for Education and Skills as special schools under Section 342 of the Education Act 1996, and in respect of whom the tuition fees are paid in full by the authority. In calculating the full-time equivalent number of pupils, part-time pupils have been calculated as half the value of full-time pupils.

Full-time equivalent numbers of pupils who had attained the age of 4 and had not attained the age of 5 as at 31 August 2002, in the private, voluntary or independent sectors are estimated by the Secretary of State for Education and Skills on the basis of a count at the beginning of the spring term 2003. Pupils in the count are those who are receiving nursery education, which is funded by the local education authority and provided in the private, voluntary or independent sectors by a person other than a local education authority. This also includes pupils educated in local authority provision outside nursery or maintained schools but not in private, voluntary or independent settings and for whom funding is provided by the local education authority. In calculating the full-time equivalent number of pupils, ten sessions are calculated to be the equivalent of a full-time pupil and pupils attending sessions below this are counted pro-rata to the number of sessions attended, for example a pupil attending one session a week will count as one tenth of a full-time equivalent pupil.

PUPILS AGED 3 TO 18

The full-time equivalent number of pupils aged 3 to 18, calculated as

The sum of:

- (i) **PUPILS AGED 3** (as defined above) *divided by 2; plus*
- (ii) **PUPILS AGED 4** (as defined above); *plus*
- (iii) **PUPILS AGED 5 TO 10** (as defined above); *plus*
- (iv) **PUPILS AGED 11 AND OVER IN SECONDARY SCHOOLS** (as defined above); *plus*
- (v) **PUPILS AGED 16 AND OVER IN SIXTH FORMS** (as defined below); *plus*
- (vi) **PUPILS AGED 11 TO 15 IN ACADEMIES** (as defined below); *plus*
- (vii) **PUPILS AGED 16 AND OVER IN ACADEMIES** (as defined below).

PUPILS AGED 16 AND OVER IN SIXTH FORMS

The sum of:

- (i) the number of pupils aged 16 and over in maintained sixth form schools or in sixth forms contained within or associated with secondary schools at 31 August 2003 (except pupils in Pupil Referral Units), as estimated by the Secretary of State for Education and Skills on the basis of a count at the beginning of the autumn term 2003; *plus*
- (ii) The number of pupils educated otherwise than in maintained schools or in sixth forms contained within or associated with secondary schools under arrangements made by the authority, who had attained the age of 16 at 31 August 2002. This excludes those being educated outside school in pursuance of arrangements made by the authority (except non-statemented pupils in hospitals). Estimated by the Secretary of State for Education and Skills on the basis of a count at the beginning of the spring term 2003.

PUPILS AGED 11 TO 15 IN ACADEMIES

The number of pupils aged 11 to 15 in academies at 31 August 2003, as estimated by the Secretary of State for Education and Skills mainly on the basis of a count at the beginning of the autumn term 2003. This also includes an adjustment to include academy pupils in schools becoming academies in September 2004. Calculated as 7/12 multiplied by the number of pupils at the beginning of the autumn term 2003 in schools becoming academies in September 2004.

PUPILS AGED 16 AND OVER IN ACADEMIES

The number of pupils aged 16 and over in academies at 31 August 2003, as estimated by the Secretary of State for Education and Skills mainly on the basis of a count at the beginning of the autumn term 2003.

**RESIDENT PUPILS
AGED 3 TO 18** The number of pupils aged 3 to 18 resident in the Local Authority area as at 31 August 2002, as estimated by the Secretary of State for Education and Skills based mainly on a count at the beginning of the spring term 2003.

**ADDITIONAL NEEDS
FOR PRIMARY
PUPILS** Either:

the sum of:

(i) *0.4 multiplied by PUPILS IN MAINTAINED PRIMARY SCHOOLS WHOSE MOTHER TONGUE IS NOT ENGLISH* (as defined below); *plus*

(ii) *0.77 multiplied by CHILDREN OF INCOME SUPPORT /INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS* (as defined below); *plus*

(iii) *0.24 multiplied by CHILDREN OF WORKING FAMILIES TAX CREDIT CLAIMANTS* (as defined below)

minus 0.123635

or **zero**, whichever is the greater.

**ADDITIONAL NEEDS
FOR SECONDARY
PUPILS** Either:

the sum of:

(i) *0.4 multiplied by PUPILS OF SECONDARY SCHOOL AGE IN LOW ACHIEVING ETHNIC GROUPS* (as defined below); *plus*

(ii) *0.77 multiplied by CHILDREN OF INCOME SUPPORT /INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS* (as defined below); *plus*

(iii) *0.24 multiplied by CHILDREN OF WORKING FAMILIES TAX CREDIT CLAIMANTS* (as defined below)

minus 0.116800

or **zero**, whichever is the greater.

**ADDITIONAL NEEDS
FOR UNDER 5S**

Either:

the sum of:

- (i) 0.4 multiplied by **PUPILS IN MAINTAINED PRIMARY SCHOOLS WHOSE MOTHER TONGUE IS NOT ENGLISH** (as defined below); plus
- (ii) 0.77 multiplied by **CHILDREN OF INCOME SUPPORT /INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS** (as defined below); plus
- (iii) 0.24 multiplied by **CHILDREN OF WORKING FAMILIES TAX CREDIT CLAIMANTS** (as defined below)

minus 0.123635

or **zero**, whichever is the greater.

**PUPILS IN
MAINTAINED
PRIMARY SCHOOLS
WHOSE MOTHER
TONGUE IS NOT
ENGLISH**

The number of pupils in maintained primary schools with English not their mother tongue, or believed not to be their mother tongue divided by the number of pupils in maintained primary schools, where a 'mother tongue' type was selected for the pupil, in the 'mother tongue' question, in the Pupil Level Annual School Census, at the beginning of the spring term 2003, as estimated by the Secretary of State for Education and Skills.

**PUPILS OF
SECONDARY
SCHOOL AGE IN LOW
ACHIEVING ETHNIC
GROUPS**

The number of pupils in secondary schools who are from ethnic groups which are considered by the Secretary of State for Education and Skills to be low achieving divided by the number of pupils in secondary schools who had an ethnic group recorded, based on a count at the beginning of the spring term 2003, as estimated by the Secretary of State for Education and Skills.

The low achieving ethnic groups comprise of the ethnic categories:

Gypsy/Roma and Travellers of Irish Heritage
White and Black African
White and Black Caribbean
Pakistani
Bangladeshi
Black Caribbean
Black African
Any 'other Black' background
Any 'other ethnic' group

**CHILDREN OF
INCOME
SUPPORT/INCOME
BASED
JOBSEEKER'S
ALLOWANCE
CLAIMANTS**

The average number of dependent children of claimants receiving Income Support/Income based Jobseeker's Allowance, over a period between August 2000 and August 2002, using annual scans made at the end of August of each year, as estimated by the Secretary of State for Work and Pensions; *divided by* the number of residents under 18 years of age at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.

The number of dependent children of claimants receiving Income Support/Income based Jobseeker's Allowance has been adjusted, as the First Secretary of State considers appropriate, to take account of the effects of seasonality as estimated by the Office for National Statistics on the basis of quarterly information.

**CHILDREN OF
WORKING FAMILIES'
TAX CREDIT
CLAIMANTS**

The number of children of claimants receiving Working Families' or Disabled Persons' Tax Credit, over a period between May 2001 and November 2002, using quarterly information provided by the Inland Revenue, divided by the number of residents under 18 years of age at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.

HIGH COST PUPILS

The sum of:

- (i) *0.01 plus*
- (ii) *0.21 multiplied by LOW BIRTH WEIGHT (as defined below); plus*
- (iii) *0.07 multiplied by CHILDREN OF INCOME SUPPORT /INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS (as defined above).*

The result of the above is then *multiplied by POPULATION AGED 3 TO 15 (as defined below).*

LOW BIRTH WEIGHT

The average number of live births whose weight was under 2500 grams divided by the average number of live births, over the period 2000 to 2002, using annual information provided by the Office for National Statistics.

**CHILDREN OF
INCOME
SUPPORT/INCOME
BASED
JOBSEEKER'S
ALLOWANCE
CLAIMANTS ABOVE
THRESHOLD**

Either:

CHILDREN OF INCOME SUPPORT /INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS (as defined above) minus 0.092300

or **zero**, whichever is the greater.

**SECONDARY LOW
ACHIEVING ETHNIC
GROUPS ABOVE
THRESHOLD**

Either:

**PUPILS OF SECONDARY SCHOOL AGE IN LOW ACHIEVING
ETHNIC GROUPS** (as defined above); *minus* 0.004600

or **zero**, whichever is the greater.

**RESIDENT
POPULATION AGED 3
TO 15**

The number of residents aged 3-15 years at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.

**RESIDENT
POPULATION AGED
13 TO 19**

The number of residents aged 13-19 years at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.

**RESIDUAL COLLEGE
LECTURERS
PENSIONS**

Residual pension liability for ex-Further Education college staff, ex-career service staff, ex teacher training institute staff and the London Pension Fund Authority levy, uprated to reflect 2004/2005 market prices, as estimated by the Secretary of State for Education and Skills. The estimate is generally derived from the Local Education Authority's S52 budget return ending at 31 March 2003.

WARD SPARSITY

The sum of:

- (i) *3.5 multiplied by the resident population of those wards within the area of the authority at the 1991 Census with 0.5 or less residents per hectare, divided by the total resident population of the authority, calculated using information from the 1991 Census; and*
- (ii) *The resident population of those wards within the area of the authority at the 1991 Census with more than 0.5 but less than or equal to 4 residents per hectare, divided by the total resident population of the authority, calculated using information from the 1991 Census.*

**AREA COST
ADJUSTMENT FOR
EDUCATION**

A factor calculated to reflect differences in the cost of providing education services across the country. The factor is given in Annex H. It is generally based on information derived from the 2000, 2001 and 2002 New Earnings Surveys provided by the Office for National Statistics, Base Estimate Returns 1992/93, the 2002 Revaluation of Local Authority Schools undertaken by the Valuation Office and the total resident population at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.

II Personal Social Services

RESIDENT POPULATION AGED 0-17	The number of residents under 18 years of age at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.
CHILDREN IN ONE ADULT HOUSEHOLDS	The proportion of dependent children under 18 years of age resident in households who are resident in one adult households, calculated using information from the 1991 Census.
CHILDREN OF INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS	The average number of dependent children of claimants receiving Income Support/Income based Jobseeker's Allowance, over a period between August 2000 and August 2002, using annual scans made at the end of August of each year as estimated by the Secretary of State for Work and Pensions; <i>divided by</i> the number of residents under 18 years of age at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004. The number of dependent children of claimants receiving Income Support/Income based Jobseeker's Allowance has been adjusted, as the First Secretary of State considers appropriate, to take account of the effects of seasonality as estimated by the Office for National Statistics on the basis of quarterly information.
DENSITY	The total resident population at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004, <i>divided by</i> the area in hectares of the local authority using information from the 1991 Census.
CHILDREN LIVING IN FLATS	The proportion of dependent children under 16 years of age living in purpose built flats, unshared dwellings which are converted, unshared dwellings which are not self-contained and other household spaces which are not self-contained, calculated using information from the 1991 Census.
CHILDREN WITH LIMITING LONG-TERM ILLNESS	The proportion of residents under 18 years of age with a limiting long-term illness, calculated using information from the 1991 Census.
FOSTER COST ADJUSTMENT	A factor to reflect differences in the cost of providing foster care, calculated as: (i) 301.552; <i>plus</i> (ii) 221.522 <i>multiplied by COUNTRY OF BIRTH OF PEOPLE UNDER 16</i> (as defined below); <i>minus</i> (iii) 303.769 <i>multiplied by HOUSEHOLDS WHERE THE HEAD OF HOUSEHOLD IS IN A SEMI-ROUTINE OR ROUTINE OCCUPATION</i> (as defined below) The result of the above is <i>divided by</i> 261.9327, <i>multiplied by</i> 0.194, and then <i>added to</i> 0.806.

The indicator is the result of the above calculations *divided by* 0.9523 calculated to 4 decimal places.

**COUNTRY OF BIRTH
OF PEOPLE UNDER
16**

The proportion of household residents under 16 years of age who were *either* born outside the UK and whose head of household was born outside the Irish Republic, the USA or the Old Commonwealth, *or* born inside the UK and whose head of household was born outside the UK, the Irish Republic, the USA or the Old Commonwealth, calculated using information from the 1991 Census.

**HOUSEHOLDS
WHERE THE HEAD
OF HOUSEHOLD IS IN
A SEMI-ROUTINE OR
ROUTINE
OCCUPATION**

The average number of households where the head of household is in a semi-routine or routine occupation divided by the average number of households where the head of household is in any occupation, over the period between 2001 and 2003, as estimated by the First Secretary of State, using information from the Labour Force Survey provided by the Office for National Statistics.

**HOUSEHOLD AND
SUPPORTED
RESIDENTS AGED 65
AND OVER**

An estimate of the number of residents aged 65 years and over who are resident in households *plus* the number of local authority supported residents in permanent residential and nursing care, calculated as:

- (i) The resident population aged 65 years and over at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004; *multiplied by*
- (ii) The household population aged 65 years and over, using information from the 1991 Census; and then *divided by*
- (iii) The resident population aged 65 years and over, using information from the 1991 Census.

The result of the above calculation is *added* to the number of local authority supported residents in permanent residential and nursing care aged 65 years and over as at 31 March 2002, as estimated by the Secretary of State for Health.

**HOUSEHOLD AND
SUPPORTED
RESIDENTS AGED 75
TO 84**

An estimate of the number of residents aged 75 to 84 years who are resident in households *plus* the number of local authority supported residents in permanent residential and nursing care, calculated as:

- (i) The resident population aged 75 to 84 years at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004; *multiplied by*
- (ii) The household population aged 75 to 84 years, using information from the 1991 Census; and then *divided by*
- (iii) The resident population aged 75 to 84 years, using information from the 1991 Census.

The result of the above calculation is *added* to the number of local authority supported residents in permanent residential and nursing care aged 75 to 84 years as at 31 March 2002, as estimated by the Secretary of State for Health.

HOUSEHOLD AND SUPPORTED RESIDENTS AGED 85 AND OVER

An estimate of the number of residents aged 85 years and over who are resident in households *plus* the number of local authority supported residents in permanent residential and nursing care, calculated as:

- (i) The resident population aged 85 years and over at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004; *multiplied by*
- (ii) The household population aged 85 years and over, using information from the 1991 Census; and then *divided by*
- (iii) The resident population aged 85 years and over, using information from the 1991 Census.

The result of the above calculation is *added* to the number of local authority supported residents in permanent residential and nursing care aged 85 years and over as at 31 March 2002, as estimated by the Secretary of State for Health.

ELDERLY ON INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE

The average number of persons who are, or whose partner is, aged 60 years and over and in receipt of Income Support/Income based Jobseeker's Allowance, over a period between August 2000 and August 2002, using annual scans made at the end of August of each year, as estimated by the Secretary of State for Work and Pensions, *divided by* the resident population aged 65 years and over at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.

ELDERLY ON ATTENDANCE ALLOWANCE OR DISABILITY LIVING ALLOWANCE

The average number of people aged 65 years and over in receipt of attendance allowance, or middle or higher rates of disability living allowance (care), over a period between May 2001 and May 2003, using an annual scan at the end of May each year as estimated by the Secretary of State for Work and Pensions, *divided by* the resident population aged 65 years and over at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.

PENSIONERS IN RENTED ACCOMMODATION

The proportion of household residents of pensionable age living in rented accommodation, calculated using information from the 1991 Census.

PENSIONERS NOT IN A COUPLE AND NOT HEAD OF HOUSEHOLD

The proportion of household residents of pensionable age who are not in a couple and not a head of household, calculated using information from the 1991 Census.

PENSIONERS LIVING ALONE

The proportion of household residents of pensionable age living alone, calculated using information from the 1991 Census.

ELDERLY WITH LIMITING LONG-TERM ILLNESS

The proportion of residents aged 65 years and over with a limiting long-term illness, calculated using information from the 1991 Census.

LOW INCOME ADJUSTMENT

The sum of:

- (i) 0.483 *minus*
- (ii) 1.371 *multiplied by PENSIONERS NOT IN COUPLE AND NOT HEAD OF HOUSEHOLD* (as defined above) *minus*
- (iii) 0.150 *multiplied by PENSIONERS IN RENTED ACCOMMODATION* (as defined above).

The sum of the above is then divided by the **AREA COST ADJUSTMENT FOR OLDER PEOPLE PSS** (as defined below) and *subtracted from 1*.

The indicator is the result of the above calculation *divided by 0.6459* calculated to 4 decimal places.

SPARSITY ADJUSTMENT

The sum of:

- (i) 2 *multiplied by* the resident population of those enumeration districts within the area of the authority at the 1991 Census with 0.5 or less residents per hectare, *divided by* the total resident population of the authority, calculated using information from the 1991 Census; and
- (ii) The resident population of those enumeration districts within the area of the authority at the 1991 Census with more than 0.5 but less than or equal to 4 residents per hectare, *divided by* the total resident population of the authority, calculated using information from the 1991 Census.

The sum is then *divided by 0.1886, multiplied by 0.0042, and then added to 0.9958*.

The indicator is the result of the above calculation *divided by 0.9958*, calculated to 4 decimal places.

RESIDENT POPULATION AGED 18 TO 64

The number of residents aged 18 to 64 years at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.

INCOME SUPPORT /INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS AGED 18 TO 64 YEARS

The number of Income Support/Income based Jobseeker's Allowance claimants aged between 18 and 64 inclusive, over a period between August 2000 and August 2002, using annual scans made at the end of August of each year, as estimated by the Secretary of State for Work and Pensions, *divided by* the resident population aged between 18 and 64 inclusive at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.

HOUSEHOLDS WITH NO FAMILY	The proportion of households which contain no family, calculated using information from the 1991 Census
HOUSEHOLDS LIVING IN PUBLIC SECTOR RENTED FLATS	The proportion of households living in purpose-built flats in residential buildings rented from a local authority, new town or housing association, calculated using information from the 1991 Census.
AREA COST ADJUSTMENT FOR CHILDREN AND YOUNGER ADULTS PSS	A factor calculated to reflect differences in the cost of providing personal social services (other than older people social services) across the country. The factor is given in Annex H. It is generally based on information derived from the following sources: the 2000, 2001 and 2002 New Earnings Surveys provided by the Office for National Statistics; Base Estimate Returns 1992/93; rateable values and hereditaments at 1 August 2003 from the Inland Revenue; estimates of office hereditaments and floorspace as at 2002; gross non-domestic rates and increases and reductions in rate yields, as supplied by authorities to the First Secretary of State for the on the National Non-Domestic Rates Provisional Contributions Return 2003/2004; and the total resident population at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.
AREA COST ADJUSTMENT FOR OLDER PEOPLE PSS	A factor calculated to reflect differences in the cost of providing older people social services across the country. The factor is given in Annex H. It is generally based on information derived from the 2000, 2001 and 2002 New Earnings Surveys provided by the Office for National Statistics, Base Estimate Returns 1992/93 and the total resident population at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.

III Police

In this section a reference to “the authority’s area” is to be read, in the case of the Greater London Authority, as a reference to the area of the Metropolitan Police District.

RESIDENT POPULATION	The total resident population at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.
DAYTIME POPULATION	<p>The sum of:</p> <ul style="list-style-type: none"> (i) RESIDENT POPULATION (as defined above); and (ii) The number of persons working but not resident in the authority’s area <i>minus</i> the number of persons resident in but working outside the authority’s area, as estimated by the First Secretary of State using information from the 1991 Census, and information on armed forces provided by the Registrar General and the Ministry of Defence; and (iii) The annual average number of nights stayed by domestic and foreign visitors in the authority’s area, <i>divided by</i> 365, as estimated by the First Secretary of State ; and (iv) The annual number of day visitors to the authority’s area, <i>divided by</i> 365, as estimated by the First Secretary of State, using information provided by the Secretary of State for Culture, Media and Sport.

Overnight visitors

The estimate at (iii) is generally based on information from the United Kingdom Tourism Surveys (1994 to 2002), for domestic visitors; and from the International Passenger Surveys (2000 to 2002) and the 1991 Census for foreign visitors.

Day visitors

The estimate at (iv) is based on research commissioned by the Department of National Heritage generally using information from the Leisure Day Visits Survey 1988/89, the 1991 Census, the 1991 Survey of Visits to Tourist Attractions undertaken by the National Tourist Boards, the 1991 Census of Employment and other information about urban areas, National Parks, areas of outstanding natural beauty and official bathing beaches. The information used for this purpose is that available to the Secretary of State for National Heritage on 1 November 1993.

HOUSEHOLDS RENTING	The proportion of households living in rented accommodation in permanent buildings, calculated using information from the 1991 Census.
RESIDENTS IN TERRACED ACCOMMODATION	The proportion of household residents living in unshared terraced, purpose built dwellings in permanent buildings, calculated using information from the 1991 Census.
RESIDENTS IN LONE PARENT FAMILIES	The proportion of household residents living in a lone parent family with at least one dependent child, calculated using information from the 1991 Census.

RESIDENTS IN OVERCROWDED HOUSEHOLDS	The proportion of household residents living in accommodation with more than one person per room, calculated using information from the 1991 Census.
ONE ADULT HOUSEHOLDS	The proportion of households containing only one person aged 16 years or over, calculated using information from the 1991 Census.
STRIVING POPULATION	The proportion of residents living in areas classified as ACORN 2002 Category F – Striving, as estimated by the First Secretary of State using information provided by CACI Limited.
UNEMPLOYMENT- RELATED BENEFIT CLAIMANTS	The average number of claimants of unemployment-related benefits, currently Jobseeker's Allowance and National Insurance credits, over the period between May 2000 and April 2003, calculated using monthly information provided by the Office for National Statistics through NOMIS, <i>divided by</i> the sum of the number of resident males aged 18-64 years and the number of resident females aged 18-59 years at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.
LONG-TERM UNEMPLOYMENT- RELATED BENEFIT CLAIMANTS	The proportion of claimants of unemployment-related benefits, currently Jobseeker's Allowance and National Insurance credits, with a duration of unemployment of more than one year averaged over the period between May 2000 and April 2003 calculated using monthly information provided by the Office for National Statistics through NOMIS.
YOUNG MALE UNEMPLOYMENT- RELATED BENEFIT CLAIMANTS	The proportion of claimants of unemployment-related benefits currently Jobseeker's Allowance and National Insurance credits, who were male and aged under 25 averaged over the period between May 2000 and April 2003, calculated using monthly information provided by the Office for National Statistics through NOMIS.
POPULATION DENSITY	<p>The number of residents per hectare for each enumeration district within the area of each constituent authority of the authority providing police services, as at the 1991 Census, <i>multiplied by</i> that enumeration district's share of the total resident population in the constituent authority, calculated using information from the 1991 Census.</p> <p>Constituent authorities for this purpose are the relevant billing authorities (in whole or part), as set out in footnote 1 to paragraph 2.2 in section 2 of this Report, whose area is contained within the area of the authority providing police services.</p> <p>The results of the above calculation for each enumeration district within the area of each constituent authority are added together, and the sum is then generally <i>multiplied by</i> the ratio of the total resident population at 30 June 2002 as estimated by the Registrar General and published on 9 September 2004, to the total resident population at 30 June 1991, as estimated by the Registrar General.</p> <p>The figures for the constituent authorities have been weighted in proportion to the total resident population at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004, to determine the indicator.</p> <p>The indicator is the result of the above calculations <i>divided by</i> 10.</p>

POPULATION SPARSITY

The sum of:

- (i) *2 multiplied by the resident population of those enumeration districts within the area of the authority at the 1991 Census with 0.5 or less residents per hectare, divided by the total resident population of the authority, calculated using information from the 1991 Census; and*
- (ii) *The resident population of those enumeration districts within the area of the authority at the 1991 Census with more than 0.5 but less than or equal to 4 residents per hectare, divided by the total resident population of the authority, calculated using information from the 1991 Census.*

BUILT-UP ROAD LENGTHS

The length (in kilometres) of trunk, principal roads and other roads which are subject to a speed limit not exceeding 40 miles per hour, where the lengths of trunk, principal roads and other roads relate to the position at 1 April 2003, as estimated by the Secretary of State for Transport.

MOTORWAY LENGTHS

The length (in kilometres) of trunk and principal motorways, where the lengths of motorway relate to the position at 1 April 2003, as estimated by the Secretary of State for Transport.

POLICE PENSIONS

The projected amount of net expenditure in respect of police pensions for the financial year 2004/2005, as estimated by the Secretary of State for the Home Department using information provided by the Government Actuary's Department.

SECURITY EXPENDITURE

The amount of expenditure in the financial year 2004/2005 on certain security-related commitments as estimated by the Secretary of State for the Home Department.

The estimate of expenditure is based on information available to the Secretary of State for the Home Department on or by 1 October 2003.

POLICE INDEX I

The sum of the following factors (each of which is calculated to 4 decimal places):

- (i) **RESIDENTS IN TERRACED ACCOMMODATION** (as defined above); *minus 0.3080 and divided by 0.0627; and*
- (ii) **STRIVING POPULATION** (as defined above); *minus 0.2013, and divided by 0.0891; and*
- (iii) **RESIDENTS IN LONE PARENT FAMILIES** (as defined above); *minus 0.0615, and divided by 0.0145; and*
- (iv) **ONE ADULT HOUSEHOLDS** (as defined above); *minus 0.3025, and divided by 0.0342.*

POLICE INDEX II	The sum of the following factors (each of which is calculated to 4 decimal places): (i) STRIVING POPULATION (as defined above); <i>minus</i> 0.2013, and <i>divided by</i> 0.0891; and (ii) RESIDENTS IN LONE PARENT FAMILIES (as defined above); <i>minus</i> 0.0615, and <i>divided by</i> 0.0145; and (iii) HOUSEHOLDS RENTING (as defined above); <i>minus</i> 0.3213, and <i>divided by</i> 0.0632; and (iv) LONG-TERM UNEMPLOYMENT-RELATED BENEFIT CLAIMANTS (as defined above); <i>minus</i> 0.1707, and <i>divided by</i> 0.0404.
POLICE INDEX III	The sum of the following factors (each of which is calculated to 4 decimal places): (i) RESIDENTS IN TERRACED ACCOMMODATION (as defined above); <i>minus</i> 0.3080, and <i>divided by</i> 0.0627; and (ii) STRIVING POPULATION (as defined above); <i>minus</i> 0.2013 and <i>divided by</i> 0.0891; and (iii) RESIDENTS IN LONE PARENT FAMILIES (as defined above); <i>minus</i> 0.0615, and <i>divided by</i> 0.0145; and (iv) HOUSEHOLDS RENTING (as defined above); <i>minus</i> 0.3213, and <i>divided by</i> 0.0632; and (v) ONE ADULT HOUSEHOLDS (as defined above); <i>minus</i> 0.3025 and <i>divided by</i> 0.0342; and (vi) UNEMPLOYMENT-RELATED BENEFIT CLAIMANTS (as defined above); <i>minus</i> 0.0268, and <i>divided by</i> 0.0102.
POLICE GRANT RATE	The proportion of police revenue expenditure in England and Wales for 2004/2005, as estimated by the Secretary of State for the Home Department, which is to be met directly by the aggregate of police grant calculated under section 5 of the Police Grant Report (England and Wales) 2004/2005.
AREA COST ADJUSTMENT FOR POLICE	A factor calculated to reflect differences in the cost of providing police services across the country. The factor is given in Annex H. It is generally based on information derived from the following sources: the 2000, 2001 and 2002 New Earnings Surveys provided by the Office for National Statistics; Base Estimate Returns 1992/93; rateable values and hereditaments at 1 August 2003 from the Inland Revenue; estimates of office hereditaments and floorspace as at 2002; gross non-domestic rates and increases and reductions in rate yields, as supplied by authorities to the First Secretary of State for the on the National Non-Domestic Rates Provisional Contributions Return 2003/2004; and the total resident population at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.

IV Fire

RESIDENT POPULATION The total resident population at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.

'A' RISK AREAS The number of hectares within the area of the authority which are classified as 'A' risk in terms of fire cover, as reported to the First Secretary of State, divided by **RESIDENT POPULATION** (as defined above).

COASTLINE The length of coastline (to the nearest 1000 metres) at low water, as estimated by the First Secretary of State generally using information on 1991 administrative areas from the Boundary Line Product provided by Ordnance Survey, divided by **RESIDENT POPULATION** (as defined above).

FIRE INDEX 1 The sum of the following factors, (each calculated to 4 decimal places):

- (i) **CHILDREN OF INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS** (as defined below) minus 0.1926 and divided by 0.0674 plus 3; and
- (ii) **HOUSEHOLDS WHOSE PROPERTY IS NOT A DETACHED HOUSE OR A DETACHED BUNGALOW** (as defined below) minus 0.7820 and divided by 0.1076 plus 2; and
- (iii) **HOUSEHOLDS WHOSE PROPERTY WAS BUILT BETWEEN 1919 AND 1944** (as defined below) minus 0.2006 and divided by 0.0698 plus 2; and
- (iv) **HOUSEHOLDS NOT CONTAINING A COUPLE WITH NO CHILDREN** (as defined below) minus 0.7228 and divided by 0.0416 plus 2; and
- (v) **PEOPLE IN RENTED ACCOMMODATION** (as defined below) minus 0.2671 and divided by 0.0635 plus 2; and
- (vi) **ABSENCES IN PUPILS OF PRIMARY SCHOOL AGE** (as defined below) minus 23.0745 and divided by 1.8889 plus 3.

CHILDREN OF INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS The average number of dependent children of claimants receiving Income Support/Income based Jobseeker's Allowance, over a period between August 2000 and August 2002, using annual scans made at the end of August of each year as estimated by the Secretary of State for Work and Pensions; divided by the number of residents under 18 years of age at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.

The number of dependent children of claimants receiving Income Support/Income based Jobseeker's Allowance has been adjusted, as the First Secretary of State considers appropriate, to take account of the effects of seasonality as estimated by the Office for National Statistics on the basis of quarterly information.

HOUSEHOLDS WHOSE PROPERTY IS NOT A DETACHED HOUSE OR DETACHED BUNGALOW	The proportion of households whose property is not a detached house or detached bungalow, averaged over the period of 2000/2001 to 2002/2003 using information from the Survey of English Housing, as estimated by the First Secretary of State.
HOUSEHOLDS WHOSE PROPERTY WAS BUILT BETWEEN 1919 AND 1944	The proportion of households whose property was built between 1919 and 1944, averaged over the period of 2000/2001 to 2002/2003, using information from the Survey of English Housing, as estimated by the First Secretary of State.
HOUSEHOLDS NOT CONTAINING A COUPLE WITH NO CHILDREN	The proportion of households other than those containing a married or cohabiting couple who have no children and no others, averaged over the period of 2001 to 2003, as estimated by the First Secretary of State, based on information from the Labour Force Survey provided by the Office for National Statistics.
PEOPLE IN RENTED ACCOMMODATION	The proportion of people in accommodation that is rented, averaged over the period of 1999/2000 to 2001/2002, as estimated by the First Secretary of State, based on information from the Office for National Statistics.
ABSENCES IN PUPILS OF PRIMARY SCHOOL AGE	The average number of absences (both authorised and unauthorised) of pupils of primary school aged, over the period 2000/2001 to 2002/2003, as estimated by the First Secretary of State, using information from the Secretary of State for Education and Skills,
FIRE SAFETY ENFORCEMENT	<p>The result of:</p> <p>The number of certificatable premises and plans examined in 2002/03, as estimated by the First Secretary of State.</p> <p>For this purpose certificatable premises include those for which:</p> <ul style="list-style-type: none">(i) a certificate issued under the Fire Precautions Act 1971 was in force at 31 March 2003;(ii) a certificate issued under the Factories Act 1961 or the Offices, Shops and Railway Premises Act 1963 was in force at 31 March 2003;(iii) a fire certificate exemption was in force at 31 March 2003;(iv) there were notices requiring work to be carried out before the issue of a fire certificate under section 5(4) of the Fire Precautions Act 1971; and(v) applications had been received for fire certificates, but no action had been carried out during the year and they were carried forward to following year.

For this purpose plans are those examined by fire authorities in connection with building regulation applications and other applications for new projects or alterations to existing buildings.

The numbers of certificatable premises and plans examined have been adjusted, as the First Secretary of State considers appropriate to reflect the relative times taken to carry out fire inspection work for different types of premises and between metropolitan and non-metropolitan areas.

The result of the above is *multiplied by £220.38 divided by RESIDENT POPULATION* (as defined above).

COMMUNITY FIRE SAFETY

The sum of :

- (i) *5 multiplied by the sum of PUPILS AGED 5-10* (as defined for the Education block above) and the number of pupils in independent schools who had attained the age of 5 and had not attained the age of 11 at 31 August 2002; and
- (ii) the proportion of residents living in areas with a greater need for fire safety education *multiplied by resident population* (as defined above), as estimated by the First Secretary of State using information from the ACORN 2002 classification provided by CACI Limited and from the Fire Service Inspectorate.

Numbers of pupils aged 5-10 in independent schools are estimated by the Secretary of State for Education and Skills on the basis of a count at the beginning of the Spring term 2003.

The result of the above is *multiplied by £1.69 divided by RESIDENT POPULATION* (as defined above).

FIRE PENSIONS

The projected amount of net expenditure for 2004/2005 in respect of the firefighters' pension scheme, as a proportion of the total projected amount of net expenditure for 2004/2005 in respect of the firefighters' pension scheme for England, as estimated by the First Secretary of State using information provided by the Government Actuary's Department.

AREA COST ADJUSTMENT FOR FIRE

A factor calculated to reflect differences in the cost of providing fire services across the country. The factor is given in Annex H. It is generally based on information derived from the following sources: the 2000, 2001 and 2002 New Earnings Surveys provided by the Office for National Statistics; Base Estimate Returns 1992/93; rateable values and hereditaments at 1 August 2003 from the Inland Revenue; estimates of office hereditaments and floorspace as at 2002; gross non-domestic rates and increases and reductions in rate yields, as supplied by authorities to the First Secretary of State for the on the National Non-Domestic Rates Provisional Contributions Return 2003/2004; and the total resident population at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.

V Highway Maintenance

WEIGHTED ROAD LENGTHS

The sum of:

- (i) **Principal built-up roads** *multiplied by 2; and*
- (ii) **Principal non built-up roads** ; and
- (iii) **Other built-up roads** *multiplied by 2; and*
- (iv) **Other non built-up roads.**

Each of the types of roads in (i) to (iv) above is as defined below for **UNWEIGHTED ROAD LENGTHS.**

TRAFFIC FLOW

The result of:

- (i) The annual average flow of all motor vehicles (in millions) during 2002 on principal roads for which the authority is the highway authority, except those roads that are referred to in Special Grant Report number 116, as estimated by the Secretary of State for Transport *plus*
- (ii) 100 *multiplied by* the annual average flow of heavy goods vehicles, buses and coaches (in millions) during 2002 on principal roads for which the authority is the highway authority, except those roads that are referred to in Special Grant Report number 116, as estimated by the Secretary of State for Transport.

For all authorities, the Secretary of State for Transport has also applied the above formula as he thinks appropriate to take account of traffic flows on substantial lengths of road which became principal roads for which the authority was the highway authority in the financial year beginning 1 April 2003 and in respect of which there was no significant change to the local road network or to the flow of traffic following the change in status of the road.

DAY TIME POPULATION PER KM

The sum of:

- (i) The total resident population at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004; *plus*
- (ii) Either the result of:
 - The number of persons working but not resident in the authority's area *minus* the number of persons resident in but working outside the authority's area, as estimated by the First Secretary of State using information from the 1991 Census, and information on armed forces provided by the Registrar General and the Ministry of Defence,
 - or **zero**, whichever is the greater; *plus*
- (iii) The annual average number of nights stayed by domestic and foreign visitors in the authority's area, *divided by* 365, as estimated by the First Secretary of State; *plus*

- (iv) The annual number of day visitors to the authority's area, divided by 365, as estimated by the First Secretary of State using information provided by the Secretary of State for Culture, Media and Sport.

The result of the above is then divided by **UNWEIGHTED ROAD LENGTHS** (as defined below).

Overnight visitors

The estimate at (iii) is generally based on information from the United Kingdom Tourism Surveys (1994 to 2002), for domestic visitors; and from the International Passenger Surveys (2000 to 2002) and the 1991 Census for foreign visitors.

Day visitors

The estimate at (iv) is based on research commissioned by the Department of National Heritage generally using information from the Leisure Day Visits Survey 1988/89, the 1991 Census, the 1991 Survey of Visits to Tourist Attractions undertaken by the National Tourist Boards, the 1991 Census of Employment and other information about urban areas, National Parks, areas of outstanding natural beauty and official bathing beaches. The information used for this purpose is that available to the Secretary of State for National Heritage on 1 November 1993.

**UNWEIGHTED
ROAD LENGTHS** The sum of:

- (i) **Principal built-up roads:** the length (in kilometres) of principal roads that are subject to a speed limit not exceeding 40 miles per hour and principal motorways; and
- (ii) **Principal non built-up roads:** the length (in kilometres) of principal roads that are not subject to a speed limit of 40 miles per hour or less, but excluding principal motorways; and
- (iii) **Other built-up roads:** the length (in kilometres) of all other roads that are subject to a speed limit not exceeding 40 miles per hour; and
- (iv) **Other non built-up roads:** the length (in kilometres) of all other roads that are not subject to a speed limit of 40 miles per hour or less,

where the lengths of principal roads relate to the position at 1 April 2003, as estimated by the Secretary of State for Transport. The roads are those for which the authority is the highway authority. These road lengths exclude those roads that are referred to in Special Grant Report number 116.

The lengths of roads have been adjusted, as the Secretary of State for Transport considers appropriate, to reflect any change in responsibility for the maintenance of roads between the local authority and the Department for Transport, between 1 April 2003 and 1 April 2004 which was agreed by the Secretary of State for Transport on or by 3 October 2003 and involves a net adjustment of at least one kilometre of road length for the local authority. These road lengths exclude those roads that are referred to in Special Grant Report number 116.

**DAYS WITH
SNOW LYING**

The annual average number of days with snow lying at 09.00 hours during 1978 to 1990 inclusive, as estimated by the First Secretary of State on the basis of information from the Meteorological Office.

**PREDICTED
GRITTING DAYS**

The annual average number of days where gritting would have been predicted, using the Meteorological Office Open Road Index (MOORI), generally averaged over the 10 most recent winters up to and including 2001/02 where data are available, as estimated by the First Secretary of State.

**AREA COST
ADJUSTMENT
FOR HIGHWAY
MAINTENANCE**

A factor calculated to reflect differences in the cost of highway maintenance across the country. The factor is given in Annex H. It is generally based on information derived from the following sources: the 2000, 2001 and 2002 New Earnings Surveys provided by the Office for National Statistics; Base Estimate Returns 1992/93; rateable values and hereditaments at 1 August 2003 from the Inland Revenue; estimates of office hereditaments and floorspace as at 2002; gross non-domestic rates and increases and reductions in rate yields, as supplied by authorities to the First Secretary of State for the on the National Non-Domestic Rates Provisional Contributions Return 2003/2004; and the total resident population at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.

VI Environmental, Protective and Cultural Services

RESIDENT POPULATION	The total resident population at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.
NET IN-COMMUTERS	<p>Either the result of:</p> <p>The number of persons working but not resident in the authority's area <i>minus</i> the number of persons resident in but working outside the authority's area, as estimated by the First Secretary of State using information from the 1991 Census, and information on armed forces provided by the Registrar General and the Ministry of Defence,</p> <p>or zero, whichever is the greater.</p>
DAY VISITORS	<p>The annual number of day visitors to the authority's area, <i>divided by</i> 365, as estimated by the First Secretary of State using information provided by the Secretary of State for Culture, Media and Sport.</p> <p>The estimate for day visitors is based on research commissioned by the Department of National Heritage generally using information from the Leisure Day Visits Survey 1988/89, the 1991 Census, the 1991 Survey of Visits to Tourist Attractions undertaken by the National Tourist Boards, the 1991 Census of Employment and other information about urban areas, National Parks, areas of outstanding natural beauty and official bathing beaches. The information used for this purpose is that available to the Secretary of State for National Heritage on 1 November 1993.</p>
POPULATION DENSITY	<p>The number of residents per hectare for each enumeration district within the area of the authority at the 1991 Census <i>multiplied by</i> that enumeration district's share of the total resident population in the authority, calculated using information from the 1991 Census.</p> <p>The results of the above calculation for each enumeration district within the area of the authority are added together, and the sum is then generally <i>multiplied by</i> the ratio of the total resident population at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004, to the total resident population at 30 June 1991, as estimated by the Registrar General.</p> <p>For any area which consists of two or more districts or London boroughs or includes the City of London, the figures for the constituent parts have been weighted in proportion to the total resident population at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.</p> <p>The indicator is the result of the above calculations <i>divided by</i> 10.</p>

UNEMPLOYMENT RELATED BENEFIT CLAIMANTS	The average number of claimants of unemployment-related benefits, currently Jobseeker's Allowance and National Insurance credits over the period between May 2000 and April 2003, calculated using monthly information provided by the Office for National Statistics through NOMIS.
INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS	The average number of claimants receiving Income Support/Income based Jobseeker's Allowance, over the period between August 2000 and August 2002, using annual scans made at the end of August of each year, as estimated by the Secretary of State for Work and Pensions.
COUNTRY OF BIRTH OF RESIDENTS	The number of residents who were born outside the UK, the Republic of Ireland, the European Community, the Old Commonwealth and the USA, calculated using information from the 1991 Census.
INCAPACITY BENEFIT AND SEVERE DISABILITY ALLOWANCE	The average number of people receiving Incapacity Benefit and Severe Disablement Allowance, over the period 1999 to 2001, using annual information, as estimated by the Secretary of State for Work and Pensions.
POPULATION SPARSITY	<p>The sum of:</p> <ul style="list-style-type: none">(i) <i>2 multiplied by the resident population of those enumeration districts within the area of the authority at the 1991 Census with 0.5 or less residents per hectare, divided by the total resident population of the authority, calculated using information from the 1991 Census; and</i>(ii) <i>The resident population of those enumeration districts within the area of the authority at the 1991 Census with more than 0.5 but less than or equal to 4 residents per hectare, divided by the total resident population of the authority, calculated using information from the 1991 Census.</i>
ELDERLY ON INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE	The average number of people who are, or whose partner is, aged 60 years and over and in receipt of Income Support/Income based Jobseeker's Allowance, over the period of August 2000 and August 2002, using annual scans made at the end of August of each year, as estimated by the Secretary of State for Work and Pensions.

FLOOD DEFENCE EXPENDITURE

The sum of:

- (i) The average of net current expenditure in 1999/00, 2000/01, and 2001/02 on flood defence, uprated to reflect 2003/2004 market prices, as estimated by the First Secretary of State. The estimate is generally derived from the authority's General Fund Revenue Accounts Returns ending 31 March 2000 (RO4), 31 March 2001 (RO4), and 31 March 2002 (RO4) and excluding for this purpose any levies payable to the Environment Agency (as successor body to the National Rivers Authority) or Internal Drainage Boards; and
- (ii) The total of any Environment Agency levies which are payable in the financial year 2003/2004 to Welsh Regional Flood Defence Committees in accordance with the National Rivers Authority (Levies) Regulations 1993 (S.I. 1993/61), derived from the statements of levies on councils for the financial year 2003/2004 provided by the Environment Agency to the Department for the Environment, Food and Rural Affairs; and
- (iii) The total of any special levies which are payable in the financial year 2003/2004 to Internal Drainage Boards in accordance with the Land Drainage Act 1991 and the Internal Drainage Boards (Finance) Regulations 1992 (S.I. 1992/3079), generally using information provided in Part IX of the Annual Reports of Internal Drainage Boards for the year ended 31 March 2003 (form IDB1) to the Department for the Environment, Food and Rural Affairs.

ENVIRONMENT AGENCY (ENGLAND) LEVY

The total of any Environment Agency levies which are payable in the financial year 2003/2004 to English Regional Flood Defence Committees in accordance with the National Rivers Authority (Levies) Regulations 1993 (S.I. 1993/61), derived from the statements of levies on councils for the financial year 2003/2004 provided by the Environment Agency to the Department for the Environment, Food and Rural Affairs.

COAST PROTECTION EXPENDITURE

The average of net current expenditure in 1999/00, 2000/01 and 2001/02 on coast protection, uprated to reflect 2003/2004 market prices, as estimated by the First Secretary of State. The estimate is generally derived from the authority's General Fund Revenue Accounts Returns ending 31 March 2000 (RO4), 31 March 2001 (RO4) and 31 March 2002 (RO4).

**AREA COST
ADJUSTMENT FOR
ENVIRONMENTAL,
PROTECTIVE AND
CULTURAL
SERVICES**

A factor calculated to reflect differences in the cost of providing the relevant services across the country. The factor is given in Annex H. It is generally based on information derived from the following sources: the 2000, 2001 and 2002 New Earnings Surveys provided by the Office for National Statistics; Base Estimate Returns 1992/93; rateable values and hereditaments at 1 August 2003 from the Inland Revenue; estimates of office hereditaments and floorspace as at 2002; gross non-domestic rates and increases and reductions in rate yields, as supplied by authorities to the First Secretary of State for the on the National Non-Domestic Rates Provisional Contributions Return 2003/2004; and the total resident population at 30 June 2002, as estimated by the Registrar General and published on 9 September 2004.

VII Capital Financing

INTEREST RATE	A notional pool rate of interest calculated by the First Secretary of State using a 12 month average of short and long term interest rates up to September 2003. This is 6.6 per cent.
DEBT I	<p>Assumed outstanding debt at 1 April 2004, as calculated by the First Secretary of State. Assumed outstanding debt at 1 April 2004 is based generally on assumed outstanding debt at 1 April 1990, credit approvals for the financial years 1990/91 to 2003/2004 and assumed capital repayments. For the combined fire authorities assumed outstanding debt at 1 April 2004 is based on credit approvals issued to the relevant CFA since it came into existence.</p> <p>Assumed outstanding debt at 1 April 1990 is the larger of a notional debt figure, based principally on the capital financing components of 1989/90 grant-related expenditure assessments, or an estimate of actual debt, based principally on the adjusted initial credit ceiling.</p> <p>In deriving the notional debt figures, notional debt for the Inner London Education Authority has been reallocated to the City and the inner London boroughs and notional debt for the passenger transport authorities has been reallocated to the relevant metropolitan districts. Adjustments have been made to the notional debt figures for all London boroughs in respect of part of the debt (the “deemed debt”) of the former Greater London Council which was transferred to the London Residuary Body on 1 April 1986 (this adjustment covers the Housing Revenue Account part of debt associated with Thamesmead Housing, debt associated with Seaside and Country Homes, and debt associated with the 1971-73 Transfers).</p> <p>The estimate of actual debt excludes HRA debt, estimated non-HRA debt associated with trading activities, and an estimate of debt associated with capital financing related grants. Adjustments have been made in respect of transfers made under the 1982 HRA Directions, the debts of former metropolitan county councils held by debt administering authorities designated under the Local Government Act 1985, the debt of the former Inner London Education Authority held by the London Residuary Body, parts of the “deemed debt” which were transferred from the Housing Revenue Account to the General Fund, and the debt held by Luton Borough Council for which Bedfordshire County Council is responsible.</p> <p>Assumed outstanding debt at 1 April 1990 has been reallocated amongst the West Midlands districts to reflect their financing arrangements in respect of waste disposal. Assumed outstanding debt at 1 April 1990 has been reallocated amongst the West Yorkshire districts to reflect their financing arrangements in respect of waste disposal. For the Receiver for the Metropolitan Police District assumed outstanding debt at 1 April 1990 is estimated by the Secretary of State for Transport, Local Government and the Regions on the basis of 1989/90 expenditures.</p> <p>Assumed outstanding debt at 31 March 1991 is calculated by subtracting the assumed capital repayment (4 per cent of the debt at 1 April 1990) and adding on approved new borrowing (obtained from the credit approvals for 1990/91, as estimated by the First Secretary of State in the manner described below in the definition of CREDIT APPROVALS but substituting “1990/91” for 2003/2004 and excluding any credit approvals</p>

for the London Waste Regulation Agency). Applying this process to each of the financial years for the period 1991/92 to 2003/2004 yields assumed outstanding debt at 1 April 2004.

Adjustments have been incorporated in respect of assumed outstanding debt at 31 March 1993 in respect of which the Further Education Funding Council makes payments under section 38 of the Further and Higher Education Act 1992.

Where functions have been transferred to new or reorganised local authorities on 1 April in a financial year by or in consequence of an order under section 17 of the Local Government Act 1992 assumed outstanding debt at 31 March in the preceding financial year has been reallocated to the relevant new or reorganised authorities by applying the following principles:

- (i) where shire county and shire district functions for the whole of a county area are transferred to a single shire county council the debt of the predecessor districts is transferred to the county council;
- (ii) where shire county and shire district functions throughout a county council area are transferred to two or more shire district authorities the debt of the shire county council will be apportioned among the reorganised shire district authorities on the basis of taxbase¹, and the debt of any predecessor shire districts will be transferred to the reorganised shire districts, distributed where necessary among two or more reorganised shire district authorities on the basis of taxbase¹;
- (iii) where part of the area of one shire district is transferred to another shire district a portion of the debt of the first district, based on taxbase¹, is transferred to the second district; and
- (iv) where county functions for part of the area of a shire county are transferred to a shire district a portion of the debt of the county, based on taxbase¹, is transferred to that district, except in the following three cases concerning:
 - (a)(a) Derbyshire County Council and Derby City Council where 25.54 per cent of the assumed outstanding debt of Derbyshire County Council at 31 March 1997 is transferred to Derby City Council;
 - (a)(b) Bedfordshire County Council and Luton Borough Council where 29.06 per cent of the assumed outstanding debt of Bedfordshire County Council at 31 March 1997 is transferred to Luton Borough Council; and
 - (c) Hampshire County Council, Portsmouth City Council and Southampton City Council where 9.74 per cent of the assumed outstanding debt of Hampshire County Council at 31 March 1997 is transferred to Portsmouth City Council and 10.78 per cent of the assumed outstanding

¹ The taxbase used for apportioning debt is the Council Tax Base for Revenue Support Grant purposes for the financial year in which the new or reorganised authority takes on its new or additional functions.

debt of Hampshire County Council at 31 March 1997 is transferred to Southampton City Council.

For the county councils of Bedfordshire, Cambridgeshire, Cheshire, Cleveland, Cumbria, Derbyshire, Dorset, Durham, Essex, Gloucestershire, Hampshire, Hertfordshire, Humberside, Kent, Lancashire, Leicestershire, Lincolnshire, Norfolk, Northamptonshire, North Yorkshire, Nottinghamshire, Staffordshire, Suffolk, Surrey, Warwickshire and Wiltshire assumed outstanding debt at 1 April 1995 is assumed outstanding debt at 31 March 1995 less an amount estimated by the Secretary of State for Transport, Local Government and the Regions in respect of police debt. This estimate of assumed outstanding police debt at 31 March 1995 forms the 1 April 1995 assumed outstanding debt for the police authority within whose police area the county council was situated (assumed outstanding police debt in respect of the county councils of Essex, Hertfordshire and Surrey forms the assumed outstanding debt for the Essex, Hertfordshire and Surrey police authorities, respectively).

For the Receiver of the Metropolitan Police District assumed outstanding debt at 31 March 2000 has been divided between police and non-police services, with the police element being transferred to the Greater London Authority. The Receiver's assumed outstanding non-police debt at 31 March 2001 has been re-allocated to the inner London boroughs.

For the London Fire and Civil Defence Authority assumed outstanding debt at 31 March 2000 has been transferred to the Greater London Authority.

DEBT II

Assumed outstanding debt at 1 April 1997 as calculated by the First Secretary of State. Assumed outstanding debt at 1 April 1997 is calculated in a similar manner to **DEBT I** but substituting the total of Annual Capital Guidelines² (ACGs) for the Basic Credit Approval in the definition of **CREDIT APPROVALS** and applying the process to each of the financial years for the period 1990/91 to 1996/97. Where functions have been transferred to new or reorganised local authorities on or after 1 April 1998, debt at 1 April 1997 has been reallocated to these authorities using the principles set out in the definition of **DEBT I**.

Debt II is not calculated for the combined fire authorities as these authorities are not included in the FSS element for interest on reserved receipts. Any credit approvals issued to a combined fire authority which came into existence on 1 April 1996 are excluded from the calculation of the Debt II indicator for other authorities.

SUPPORTED CAPITAL EXPENDITURE (REVENUE)

Supported Capital Expenditure (Revenue) ('SCE(R)') for an authority for 2004/05 is estimated by the First Secretary of State on the basis of the aggregate of any amounts which the Secretary of State³ has decided by 19 December 2003 is capital expenditure for that authority that should be supported by RSG or HRA subsidy⁴. Where the Secretary of State has not

² Annual Capital Guidelines are described in a Guide to the Local Government Capital Finance System published by the Department of the Environment, Transport and the Regions in September 1998.

³ References to the Secretary of State may include more than one Secretary of State in relation to different areas of his responsibility.

⁴ HRA subsidy means Housing Revenue Account subsidy payable to a local housing authority under section 79 of the Local Government and Housing Act 1989.

decided such an amount in relation to any area of his responsibility by that date, the First Secretary of State shall estimate the amount, if any, on the basis of information available to him on 19 December 2003 and shall use that estimate when calculating the aggregate of the amounts.

For housing authorities, reductions are made to the SCE(R) amount to take account of an assumed portion of the SCE(R) to be used in relation to local authority rented housing.

SCE(R) amounts for statutory waste authorities and the Lee Valley Regional Park Authority are divided between the relevant authorities in proportion to their **TAXBASE** (as defined below). For passenger transport authorities, SCE(R) amounts are divided between their constituent authorities as a common amount per head of the population at 30 June 2002, as estimated by the Registrar General.

The Spending Review 2002 determined the total amount of public sector capital expenditure that was prudent and how that national total ("the national total") would be allocated by the Treasury between different Government Departments. For 2004/05, the Secretary of State for each of those Government Departments will decide firstly how his Department's share of the national total, relevant to his Department's responsibilities, will be allocated between local authorities and secondly how the amount allocated to each local authority should be split between capital expenditure supported by capital grants and capital expenditure supported by revenue grants. The Secretary of State for a Government Department will split that Department's share of the national total between these different categories in proportions broadly similar to those in 2003/04.

For 2004/05, where a share of the national total has been allocated to a local authority by the Secretary of State and where he has decided that part of that share should be supported by revenue grants, he will then decide the amount, if any, of that part which he considers should attract support through RSG or HRA subsidy. For 2004/05 that amount will be arrived at using a process similar to that used for 2003/04 to determine the Annual Capital Guidelines and Supplementary Credit Approvals.

CREDIT APPROVALS

Basic Credit Approvals (BCAs) for 2003/2004; plus Supplementary Credit Approvals (SCAs) so far as they apply to 2003/2004, as estimated by the First Secretary of State⁵. BCAs are those issued to authorities on or by 13 December 2002.

Estimates of SCAs are based on information available to the First Secretary of State on 19 December 2003 and relate to SCAs, or parts of SCAs, expected to have effect for 2003/2004, or part of 2003/2004, and to be issued to the authority for use in 2003/2004.

For both BCAs and SCAs, a reduction is made to take account of trading activities. Any SCAs issued as a result of receiving support from the European Regional Development Fund, or in respect of Specified Capital Grants, or credit approvals relating to local authority projects undertaken

⁵

Aggregate and Additional Credit Approvals for the Greater London Authority.

through the Private Finance Initiative⁶, or which are not expected to give rise to additional long-term borrowing, are excluded.

For housing authorities, reductions are made to the BCA to take account of any part of the BCA issued to cover Specified Capital Grants and of an assumed portion of the BCA to be used in relation to local authority rented housing. Any SCAs issued for services accounted for within the Housing Revenue Account are also excluded.

Credit Approvals for statutory waste authorities and the Lee Valley Regional Park Authority are divided between the relevant authorities in proportion to their **TAXBASE** (as defined below). For passenger transport authorities, Credit Approvals are divided between their constituent authorities as a common amount per head of population, ie in proportion to the total resident population at 30 June 2002, as estimated by the Registrar General.

TAXBASE

The council tax base for Revenue Support Grant purposes, as calculated in accordance with Annex C.

The information used for this purpose is that available to the First Secretary of State on or by 28 November 2003.

⁶ The Private Finance Initiative (PFI) and its applicability to the local authority sector were originally explained in section 1 of the booklet *The Private Finance Initiative and Local Authorities – An Explanatory Note* published jointly by the Department of the Environment and the Welsh Office in October 1996. Current advice on the PFI and public/private partnerships is available on the Office's web site at www.local.odpm.gov.uk/pfi/index.htm.

Annex E

Revised Annex F of the Local Government Finance Report (England) 2004/2005

The following revised Annex F is substituted for Annex F of the Local Government Finance Report (England) 2004/05.

Annex F

Scaling factors for Formula Spending Shares

Service Block	Sub-block (where relevant)	Scaling Factor
Education	<i>Primary Education</i>	0.99999899237448
	<i>Secondary Education</i>	0.99999853286421
	<i>Under 5 Education</i>	1.00000113403708
	<i>High Cost Pupils</i>	0.99999991415599
	<i>Youth and Community Services</i>	0.99996390936934
Personal Social Services	<i>Local Education Authority Central Functions</i>	1.00002000235040
	<i>Social Services for Children</i>	0.99975734096345
	<i>Social Services for Older People</i>	0.99999562688628
	<i>Social Services for Younger Adults</i>	1.00004688300839
Police		1.00011432130024
Fire		1.00148282553036
Highway Maintenance		0.99982589244208
Environmental, Protective and Cultural Services	<i>Services provided predominantly by non-metropolitan district councils in non-metropolitan areas</i>	1.00008047909707
	<i>Services provided predominantly by county councils in non-metropolitan areas</i>	0.99996248930352
	<i>Flood Defence</i>	0.93189256588640
	<i>Continuing Environment Agency Levies</i>	0.03800473427255
	<i>Coast Protection</i>	0.96039368203826
Capital Financing	<i>Debt Charges</i>	0.96890586987843
	<i>Interest on reserved receipts (for the groups of authorities set out in paragraph 4.68)</i>	
	(i)	-0.05754238739467
	(ii)	-0.00559291274200
	(iii)	-0.02110844309008
	(iv)	-0.01238289082084
	<i>Other interest receipts (for the groups of authorities set out in paragraph 4.69)</i>	
	(i)	-0.01718722208416
	(ii)	-0.00549611043400
	(iii)	-0.00701667145192
	(iv)	-0.00706880904604
	(v)	-0.00510678395052

Annex F

Revised table of Area Cost Adjustment Factors in Annex H of the Local Government Finance Report (England) 2004/2005

The following revised table is substituted for the table of Area Cost Adjustment factors in Annex H of the Local Government Finance Report (England) 2004/2005

Area Cost Adjustment Factors

	<i>Education</i>	<i>PSS Children & Younger Adults</i>	<i>PSS Older People</i>	<i>Police</i>	<i>Fire</i>	<i>Highways</i>	<i>EPCS</i>
<u>ACA areas</u>							
Common Council of the City of London	1.4698	1.4534	1.5026	1.5320		1.4420	1.4462
Inner London	1.2682	1.2503	1.2800			1.2331	1.2345
West, North West and South West Outer London	1.1518	1.1407	1.1575			1.1312	1.1320
Rest of Outer London	1.0927	1.0853	1.0947			1.0832	1.0840
Berkshire, Surrey and West Sussex Fringe	1.1401	1.1350	1.1494	1.1588	1.1615	1.1326	1.1339
Hertfordshire and Buckinghamshire Fringe							1.1096
Kent and Essex Fringe	1.0807	1.0793	1.0862			1.0843	1.0856
Bedfordshire and Hertfordshire Non-Fringe	1.0529	1.0488	1.0541	1.0573	1.0583	1.0477	1.0482
Berkshire Non-Fringe	1.1323	1.1232	1.1385			1.1122	1.1127
Buckinghamshire Non-Fringe	1.0885	1.0822	1.0919			1.0766	1.0771
Essex Non-Fringe	1.0119	1.0104	1.0106			1.0144	1.0149
Kent Non-Fringe	1.0177	1.0158	1.0167			1.0191	1.0196
West Sussex Non-Fringe							1.0308
Avon	1.0310	1.0306	1.0336		1.0373	1.0313	1.0317
Cambridgeshire	1.0465	1.0451	1.0500	1.0529	1.0537	1.0438	1.0442
Cheshire	1.0212	1.0204	1.0225	1.0242	1.0247	1.0204	1.0206
East Sussex	1.0096	1.0082	1.0081		1.0123	1.0125	1.0130
Gloucestershire	1.0197	1.0200	1.0216	1.0245	1.0253	1.0221	1.0225
Greater Manchester	1.0184	1.0178	1.0195	1.0212	1.0217	1.0181	1.0183
Hampshire and Isle of Wight	1.0433	1.0398	1.0439	1.0471	1.0481	1.0399	1.0404
Merseyside	1.0078	1.0078	1.0082	1.0099	1.0104	1.0096	1.0098
Northamptonshire	1.0265	1.0264	1.0288	1.0317	1.0325	1.0276	1.0280
Oxfordshire	1.0863	1.0801	1.0896		1.0938	1.0748	1.0753
Warwickshire	1.0339	1.0333	1.0367	1.0396	1.0404	1.0337	1.0341
West Midlands	1.0258	1.0257	1.0281	1.0310	1.0318	1.0270	1.0274
West Yorkshire	1.0094	1.0094	1.0100	1.0117	1.0122	1.0109	1.0111
Wiltshire	1.0303	1.0300	1.0329	1.0358	1.0366	1.0307	1.0311
<u>Authorities which cut across ACA areas</u>							
Buckinghamshire County Council	1.0954	1.0900	1.1000			1.0866	1.0874
Essex County Council	1.0346	1.0332	1.0356			1.0374	1.0382
Hertfordshire County Council	1.0993	1.0959	1.1055		1.1161	1.0967	1.0979
Kent County Council	1.0269	1.0251	1.0268			1.0286	1.0292
West Sussex County Council	1.0458	1.0427	1.0468		1.0521	1.0438	1.0444
Council of the Isles of Scilly	1.5000	1.5000	1.5000		1.0000	1.0000	1.5000
Avon & Somerset Police Authority					1.0242		
Essex Police Authority					1.0430		
Hertfordshire Police Authority					1.1137		
Kent Police Authority					1.0292		
Sussex Police Authority					1.0313		
Thames Valley Police Authority					1.1175		
Greater London Authority					1.1872	1.1896	
Berkshire Combined Fire Authority						1.1511	
Buckinghamshire Combined Fire Authority						1.1035	
Essex Combined Fire Authority						1.0445	
Kent Combined Fire Authority						1.0304	

Notes:

1 The authorities in each ACA area are defined in the Appendix to this Annex.

2 The area cost adjustment factors for all other English authorities are 1.

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