

Analysis of Change

Background

1. Ministers have decided to retain the same splits of the 4 blocks as for the 2008/09 and 2009/10 Settlements. There is therefore no change in the amount of equalisation within the system in 2010/11. The Additional Resource Equalisation component is therefore zero for every authority for 2010/11.
2. Since this is the third year of a three-year settlement period the methodology used to distribute formula grant has not changed from that used in the 2008/09 settlement. The methodology component is therefore zero for every authority for 2010/11.
3. DCLG are intending to provide this analysis at grant level only, although we have produced appropriate RNF runs to enable us to calculate the formula grant using the 4 block model.

What we have done

Run 1

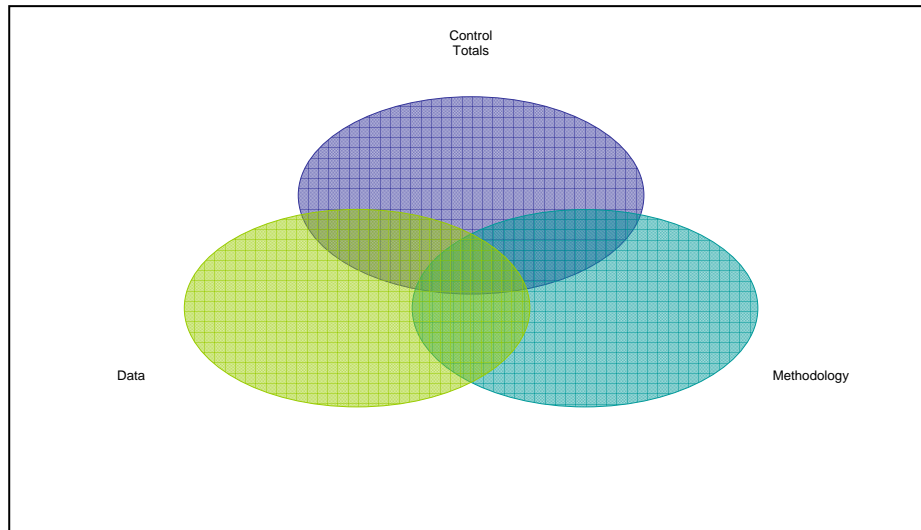
4. We have used the adjusted 2009/10 control totals given at annex A. We have assumed that the Isles of Scilly would receive the same level of formula grant as in 2009/10.
5. The shares of taxbase used for this run were:

Upper-tier share	0.720634387
Police share	0.088522145
Fire share	0.033805975
Lower-tier share	0.157037492

6. This run enables us to calculate the analysis of change as follows:
 - Control Totals = provisional 2010/11 formula grant – run 1
 - Data = run1 – adjusted 2009/10 formula grant
7. All of the percentage changes are expressed as percentages of the adjusted 2009/10 formula grant. This means that the sum of the component percentages should add to the total percentage change (NB this may not exactly be the case due to rounding).

Health warnings

8. There are potentially 24 different permutations whereby you can split the analysis of change into 4 separate components of change. We will only be exemplifying one of these options. Performing the analysis of change in a different order is likely to result in slightly different results.
9. A three-way analysis of change could be shown diagrammatically as follows:



The overlapping areas are known as the interaction terms. All of the interaction terms within our analysis are likely to be included within the data component.

Control Totals used in Runs

	Provisional 2009/10 Settlement	Run 1
Children's Services	0.14692084592105	0.14309741667361
Youth and Community	0.01099929537085	0.01070491033860
Local Authority Central Education Functions	0.04574276835975	0.04484585132759
Children's Social Care	0.09017878219044	0.08754665500742
Adult Personal Social Services	0.21650711528657	0.20879731406497
Social Services for Older People	0.13554064294611	0.13075202519143
Social Services for Younger Adults	0.08096647234045	0.07804528887354
Police	0.08792670829388	0.08560674992000
Fire and Rescue	0.03086724374341	0.03048616666382
Highway Maintenance	0.03199865082020	0.03199865082020
Environmental, Protective and Cultural Services	0.21412172806345	0.20915442825394
District-level EPCS	0.13486264660114	0.13262313786293
County-level EPCS	0.07616930056736	0.07346760364608
Flood Defence	0.00074219358316	0.00072497862890
Continuing EA Levies	0.00017089814737	0.00016693422459
Coast Protection	0.00021191371521	0.00020699844223
Fixed Costs	0.00196477544922	0.00196477544922
Capital Financing	0.05601307638329	0.05536869413655
TOTAL	0.78435536851185	0.76450942053309
RSG and Redistributed Business Rates	£24,621,999,634	£23,994,817,571