

5 Distribution of Formula Grant

- 5.1 This section specifies the basis on which the Secretary of State proposes to distribute among receiving authorities the amount of Formula Grant for the year 2008/2009. Formula Grant is composed of Revenue Support Grant, the Distributable Amount and Police Grant.
- 5.2 DCLG Formula Grant is composed of Revenue Support Grant and the Distributable Amount. The amount of Revenue Support Grant available for receiving authorities is defined in Section 2 of this Report. The Distributable Amount is defined in Section 3 of this Report.
- 5.3 In order to calculate the amount of grant to be paid to each receiving authority, the Secretary of State will first calculate the Relative Needs Formulae (RNFs) for that authority. The method by which RNFs are to be calculated is set out in detail in section 4 of this Report. The calculation makes use of information reflecting the demographic, physical and social characteristics of each area.
- 5.4 The distribution of Formula Grant also takes into account the council tax base for Revenue Support Grant purposes (“the taxbase”) for the area of an authority, calculated in accordance with Annex C of this Report. Since in all areas of England council services are supplied by more than one type of local authority the council tax has to be divided between the authorities supplying services in an area. In calculating Formula Grant a share of the council tax base is assumed for each tier of authority services. These shares are specified in Annex B of this Report. The indicator Projected Population in 2008 is defined in Annex D of this Report.

Part A – Isles of Scilly

- 5.5 From the total of DCLG Formula Grant which the Secretary of State proposes to pay to receiving authorities, which is £23,353,766,634, she proposes to pay £2,151,000 with respect to the Isles of Scilly.

Part B – Relative Needs Amount

- 5.6 From the remaining total of DCLG Formula Grant which the Secretary of State proposes to pay to receiving authorities, after paying the Isles of Scilly, which is £23,351,615,634, she proposes to pay 73.0% or £17,046,679,413 with respect to the relative needs of authorities.
- 5.7 The Relative Needs Amount is calculated as follows.

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:

- (a) **Upper-tier services RNF**, as defined in paragraph 4.52 of this Report, multiplied by 1,000,000 and divided by **PROJECTED POPULATION IN 2008**;

- (b) The minimum for all authorities of the result of (a);
- (c) The result of (a) *minus* the result of (b)

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:

- (d) **Police RNF**, as defined in paragraph 4.21 of this Report, *multiplied by* 1,000,000 and *divided by* **PROJECTED POPULATION IN 2008**;
- (e) The minimum for all authorities of the result of (d);
- (f) The result of (d) *minus* the result of (e)

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 and rescue authorities:

- (g) **Fire and Rescue RNF**, as defined in paragraph 4.24 of this Report, *multiplied by* 1,000,000 and *divided by* **PROJECTED POPULATION IN 2008**;
- (h) The minimum for all authorities of the result of (g);
- (i) The result of (g) *minus* the result of (h)

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:

- (j) **District-Level EPCS RNF**, as defined in paragraph 4.31 of this Report, *multiplied by* 1,000,000 and *divided by* **PROJECTED POPULATION IN 2008**;
- (k) The minimum for all authorities of the result of (j);
- (l) The result of (j) *minus* the result of (k)

For the following classes of authority:

district councils,
county councils,
London borough councils,
Common Council of the City of London:

- (m) **Mixed-tier services RNF**, as defined in paragraph 4.54 of this Report, *multiplied by 1,000,000 and divided by PROJECTED POPULATION IN 2008*;
- (n) The minimum for all authorities of the result of (m);
- (o) The result of (m) *minus* the result of (n)

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 and rescue authorities:

- (p) **Capital Financing RNF**, as defined at paragraph 4.49 of this Report, *multiplied by 1,000,000 and divided by PROJECTED POPULATION IN 2008*;
- (q) The minimum for all authorities of the result of (p);
- (r) The result of (p) *minus* the result of (q)
- (s) The sum of:
 - the result of (c) *plus*
 - the result of (f) *plus*
 - the result of (i) *plus*
 - the result of (l) *plus*
 - the result of (o) *plus*
 - the result of (r)
 where appropriate.
- (t) The result of (s) *divided by 1,000,000 and multiplied by PROJECTED POPULATION IN 2008*
- (u) The sum for all authorities of the result of (t)
- (v) The result of (t) *divided by* the result of (u) *multiplied by* £17,046,679,413

Part C – Relative Resource Amount

5.8 From the remaining total of DCLG Formula Grant which the Secretary of State proposes to pay to receiving authorities, after paying the Isles of Scilly, she proposes to adjust the amount payable by -26.6% or -£6,211,529,759 with respect to the relative resources of authorities.

5.9 The Relative Resource Amount is calculated as follows.

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:

- (a) **Taxbase multiplied by Upper-tier Share of Taxbase divided by PROJECTED POPULATION IN 2008;**
- (b) The minimum for all authorities of the result of (a);
- (c) The result of (a) *minus* the result of (b)

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:

- (d) **Taxbase multiplied by Police Share of Taxbase divided by PROJECTED POPULATION IN 2008;**
- (e) The minimum for all authorities of the result of (d);
- (f) The result of (d) *minus* the result of (e)

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 and rescue authorities:

- (g) **Taxbase multiplied by Fire and Rescue Share of Taxbase divided by PROJECTED POPULATION IN 2008;**
- (h) The minimum for all authorities of the result of (g);
- (i) The result of (g) *minus* the result of (h)

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:

- (j) **Taxbase multiplied by Lower-Tier Share of Taxbase divided by PROJECTED POPULATION IN 2008;**
- (k) The minimum for all authorities of the result of (j);
- (l) The result of (j) *minus* the result of (k)

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 and rescue authorities:

- (m) The sum of:
 - the result of (c) *plus*
 - the result of (f) *plus*
 - the result of (i) *plus*
 - the result of (l)
 where appropriate.
- (n) The result of (m) *multiplied by* **PROJECTED POPULATION IN 2008**;
- (o) The sum for all authorities of the result of (n);
- (p) The result of (n) *divided by* the result of (o) multiplied by -£6,211,529,759

Part D – Central Allocation

5.10 From the total of DCLG Formula Grant which the Secretary of State proposes to pay to receiving authorities, after paying the Isles of Scilly, she proposes to pay £12,516,465,980 with respect to the central allocation.

5.11 The Central Allocation is calculated as follows.

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 and rescue authorities:

- (a) The sum of:
 - the result of (b) from paragraph 5.7 of this Report *plus*
 - the result of (e) from paragraph 5.7 of this Report *plus*
 - the result of (h) from paragraph 5.7 of this Report *plus*
 - the result of (k) from paragraph 5.7 of this Report *plus*
 - the result of (n) from paragraph 5.7 of this Report *plus*
 - the result of (q) from paragraph 5.7 of this Report

where appropriate;

- (b) The result of (a) *divided by* the result of (u) from paragraph 5.7 of this Report *multiplied by* £17,046,679,413 *divided by* 1,000,000;
- (c) The sum of:
 - the result of (b) from paragraph 5.9 of this Report *plus*
 - the result of (e) from paragraph 5.9 of this Report *plus*
 - the result of (h) from paragraph 5.9 of this Report *plus*
 - the result of (k) from paragraph 5.9 of this Reportwhere appropriate;
- (d) The result of (c) *divided by* the result of (o) from paragraph 5.9 of this Report *multiplied by* -£6,211,529,759;
- (e) The sum of the results of (b) *plus* (d);
- (f) The result of (e) *multiplied by* **PROJECTED POPULATION IN 2008**;
- (g) The sum for all authorities of the result of (f);
- (h) The result of (f) *divided by* the result of (g) *multiplied by* £12,521,465,980;
- (i) The result of (h) is adjusted to reflect the transfer of responsibility for Critical Ordinary Watercourses to the Environment Agency

Part E – Floor Damping

- 5.12 The results from the Part B, Part C and Part D when added together with Police Grant form Formula Grant before floor damping. In order to ensure that authorities receive at least a minimum grant increase (called the ‘floor’) we adjust the results.
- 5.13 In order to calculate the floor damping element, the Secretary of State will first calculate the adjusted formula grant for 2007/08 for that authority. The method by which the adjusted formula grant for 2007/08 are to be calculated is set out in detail in Annex J of this Report.
- 5.14 The floor damping calculations are given below.

Authorities with Education and Social Service Responsibilities

- 5.15 For London borough councils, metropolitan district councils, county councils, non-metropolitan district councils which have functions of county councils and the Common Council of the City of London the final amount of Formula Grant for each authority for 2008/09 is calculated as follows:
 - (a) which represents the previous year’s grant support, is the Secretary of State’s estimates of adjusted formula grant for 2007/08.
 - (b) the results of (a) multiplied by 1.02
 - (c) the sum of the following items:

the Relative Needs Amount as defined in paragraph 5.7 of this Report;

plus

the Relative Resource Amount as defined in paragraph 5.9 of this Report; *plus*

the Central Allocation as defined in paragraph 5.11 of this Report; *plus*

the Principal Formula Police Grant as shown in column (a) of the table contained in paragraph 3.1 of the Police Grant Report (England and Wales) 2008/09.

- (d) the result of:
 (c) *minus*
 (b)
 multiplied by 0.32982714; *plus*
 the result of (b)
- (e) either the result of (b) or the result of (d), whichever is the greater.

Police Authorities

- 5.16 For police authorities other than the Common Council of the City of London and the Metropolitan Police Authority, the final amount of Formula Grant for each such authority for 2008/2009 is calculated as in paragraph 5.15 above, substituting 1.025 for 1.02 in (b) and 0.12032127 for 0.32982714 in (d).

Fire and Rescue Authorities

- 5.17 For the metropolitan county fire and civil defence authorities and the combined fire and rescue authorities the final amount of Formula Grant for each such authority for 2008/2009 is calculated as in paragraph 5.15 above, substituting 1.01 for 1.02 in (b) and 0.36115776 for 0.32982714 in (d).

The Greater London Authority

- 5.18 The amount of Revenue Support Grant for the Greater London Authority (GLA) consists of the sum of an amount in respect of police services and an amount in respect of fire and rescue services. The police amount is determined using the same floor and scaling factor as for police authorities, other than the Common Council of the City of London and the Metropolitan Police Authority. The fire and rescue amount is determined using the same floor and scaling factor as for the metropolitan county fire and civil defence authorities and the combined fire and rescue 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 area¹.

- 5.19 The amount for police services is calculated as follows:

- (a) the Secretary of State's estimate of that part of the GLA's share of adjusted formula grant for 2007/08 in respect of police services.
- (b) the results of (a) multiplied by 1.025
- (c) the sum of the following items:

the Relative Needs Amount with respect to police services as defined in

¹ 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.

paragraph 5.7 of this Report; *plus*

the Relative Resource Amount with respect to police services as defined in paragraph 5.9 of this Report; *plus*

the Central Allocation with respect to police services as defined in paragraph 5.11 of this Report; *plus*

the Principal Formula Police Grant as shown in column (a) of the table contained in paragraph 3.1 of the Police Grant Report (England and Wales) 2008/09.

- (d) the result of:
 - (c) *minus*
 - (b)multiplied by 0.12032127; *plus*
the result of (b)
- (e) either the result of (b) or the result of (d), whichever is the greater.

5.20 The amount for fire and rescue services is calculated as follows:

- (a) the Secretary of State's estimate of that part of the GLA's share of adjusted formula grant for 2007/08 in respect of fire and rescue services.
- (b) the results of (a) multiplied by 1.01
- (c) the sum of the following items:
 - the Relative Needs Amount with respect to fire and rescue services as defined in paragraph 5.7 of this Report; *plus*
 - the Relative Resource Amount with respect to fire and rescue services as defined in paragraph 5.9 of this Report; *plus*
 - the Central Allocation with respect to fire and rescue services as defined in paragraph 5.11 of this Report.
- (d) The result of:
 - (c) *minus*
 - (b)*multiplied by 0.36115776; plus*
the result of (b)
- (e) either the result of (b) or the result of (d), whichever is the greater.

Shire Districts without Education and Social Service Responsibilities

5.21 For non-metropolitan district councils which do not have functions of county councils the final amount of Formula Grant for each such authority for 2008/2009 is calculated as in paragraph 5.15 above, substituting 1.01 for 1.02 in (b) and 0.27366508 for 0.32982714 in (d).