

# 4 The calculation of Relative Needs Formulae

## Introduction

4.1 A Relative Needs Formula ('RNF') is calculated for each receiving authority. RNFs are built up from the relevant elements for the following seven major service blocks:

<b>I</b>	<b>Children's Services</b>
<b>II</b>	<b>Adults Personal Social Services</b>
<b>III</b>	<b>Police</b>
<b>IV</b>	<b>Fire and Rescue</b>
<b>V</b>	<b>Highway Maintenance</b>
<b>VI</b>	<b>Environmental, Protective and Cultural Services</b>
<b>VII</b>	<b>Capital Financing</b>

4.2 The purpose of the RNFs is to distribute Formula Grant. Formula Grant is compiled of Revenue Support Grant, the Distributable Amount and Police Grant.

4.3 Each of the following parts of this section describes the calculation of the RNF 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 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 RNF 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 RNF 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 Children's Services

- 4.5 There are three sub-blocks within the Children's Services service block. The calculation of the RNF elements for each of these reflects different client groups and associated unit costs. The sub-blocks are *Youth and Community*, *Local Authority Central Education Functions*, and *Children's Social Care*. The calculation of the RNF elements for each of these sub-blocks is described in turn.
- 4.6 The RNF element for each sub-block of the Children's Services 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.

## ***Youth and Community***

- 4.7 The client group for the *Youth and Community* sub-block is the projected 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.
- 4.8 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***

<b>YOUTH AND COMMUNITY BASIC AMOUNT</b>	16.1181
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### ***Top-ups***

<b>YOUTH AND COMMUNITY DEPRIVATION TOP-UP</b>	59.9073 <i>multiplied by</i> <b>CHILDREN OF INCOME SUPPORT /INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS ABOVE THRESHOLD</b>
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<b>YOUTH AND COMMUNITY ETHNICITY TOP-UP</b>	17.4672 <i>multiplied by</i> <b>SECONDARY LOW ACHIEVING ETHNIC GROUPS ABOVE THRESHOLD</b>
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The full formula used to calculate the Youth and Community element is:

<b>Youth and Community</b>	
(a)	<b>PROJECTED POPULATION AGED 13 TO 19 IN 2010</b> multiplied by the result of: <b>YOUTH AND COMMUNITY BASIC AMOUNT</b> ; plus <b>YOUTH AND COMMUNITY DEPRIVATION TOP-UP</b> ; plus <b>YOUTH AND COMMUNITY ETHNICITY TOP-UP</b>
(b)	The result of (a) is multiplied by <b>AREA COST ADJUSTMENT FOR EDUCATION</b> ;
(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.
(d)	The result of (c) is then divided by 10,000,000,000.

### **Local Authority Central Education Functions**

4.9 The client groups for the *Local Authority Central Education 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.

4.10 The *Local Authority Central Education 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**

<b>PUPILS BASIC AMOUNT</b>	21.1232
<b>RESIDENT PUPILS BASIC AMOUNT</b>	20.867

#### **Top-ups**

<b>PUPILS DEPRIVATION TOP-UP</b>	35.3876 multiplied by <b>CHILDREN OF INCOME SUPPORT /INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS ABOVE THRESHOLD</b>
<b>SPARSITY TOP-UP</b>	27.6633 multiplied by <b>WARD SPARSITY</b>
<b>RESIDENT PUPILS DEPRIVATION TOP-UP</b>	35.3876 multiplied by 0.66 multiplied by <b>CHILDREN OF INCOME SUPPORT /INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS ABOVE THRESHOLD</b>

#### **Fixed cost amount**

<b>CEF FIXED COST AMOUNT</b>	73,542.7448
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The full formula used to calculate the *Local Authority Central Education Functions* element is:

### Local Authority Central Education 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 results of (a) and (b) are added together and that result is multiplied by **AREA COST ADJUSTMENT FOR EDUCATION**;
- (d) The result of (c) is then added to the **CEF FIXED COST AMOUNT**;
- (e) The result of (d) is then multiplied by the scaling factor given in Annex F for the *Local Authority Central Education Functions* sub-block.
- (f) The result of (e) is then divided by 10,000,000,000

## Children's Social Care

4.11 This sub-block covers the provision of social care for children. The client group for *Children's Social Care* is the projected population aged less than 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.

4.12 The element for *Children's Social Care* for a particular authority consists of a basic amount per person aged 0-17 and top-ups for deprivation, foster costs and area costs:

### Basic amount

**CHILDREN'S SOCIAL CARE BASIC AMOUNT** 28.3003

### Top-up

**CHILDREN'S SOCIAL CARE DEPRIVATION TOP-UP** 262.5600 multiplied by **CHILDREN WITHOUT GOOD HEALTH**; plus  
148.7350 multiplied by **INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS AGED 18 TO 64 YEARS**; plus  
185.4902 multiplied by **CHILDREN OF INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS**; plus  
100.0765 multiplied by **CHILDREN IN BLACK ETHNIC GROUPS**;  
minus  
29.3071

The full formula used to calculate the *Children's Social Care* element is:

***Children's Social Care***

- (a) **PROJECTED POPULATION AGED 0-17 IN 2010** multiplied by the result of:  
**CHILDREN'S SOCIAL CARE BASIC AMOUNT; plus**  
**CHILDREN'S SOCIAL CARE 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 *Children's Social Care* sub-block.
- (e) The result of (d) is then divided by 10,000,000,000.

## II Adults' Personal Social Services

- 4.13 There are two sub-blocks within the Adults' Personal Social Services (PSS) service block. The calculation of the RNF elements for each of these reflects the different client groups and associated unit costs. The sub-blocks are *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 RNF elements for each of these sub-blocks is described in turn.
- 4.14 The RNF 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.

### ***Social Services for Older People***

- 4.15 This sub-block covers the provision of personal social services for older people. The client group is the number of people aged 65 and over in households plus residents in care homes aged 65 and over who are supported 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.
- 4.16 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***

<b>OLDER PEOPLE PSS BASIC AMOUNT</b>	86.0387
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#### ***Top-ups***

<b>OLDER PEOPLE PSS AGE TOP-UP</b>	<b>HOUSEHOLD AND SUPPORTED RESIDENTS AGED 90 YEARS AND OVER</b> <i>divided by</i> <b>HOUSEHOLD AND SUPPORTED RESIDENTS AGED 65 AND OVER</b> , rounded to 4 decimal places and <i>multiplied by</i> 998.1913; <i>minus</i> 25.6535
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<b>OLDER PEOPLE PSS DEPRIVATION TOP-UP</b>	288.3107 multiplied by <b>OLDER PEOPLE RECEIVING ATTENDANCE ALLOWANCE</b> ; plus 55.7551 multiplied by <b>OLDER PEOPLE IN RENTED ACCOMMODATION</b> ; plus 74.6782 multiplied by <b>OLDER PEOPLE LIVING IN ONE PERSON HOUSEHOLDS</b> ; plus 224.2339 multiplied by <b>OLDER PEOPLE RECEIVING PENSION CREDIT GUARANTEE/INCOME BASED JOBSEEKER'S ALLOWANCE</b> ; minus 77.6613
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The full formula used to calculate the *Social Services for Older People* element is:

<b>Social Services for Older People</b>	
(a)	<b>PROJECTED HOUSEHOLD AND SUPPORTED RESIDENTS AGED 65 YEARS AND OVER</b> multiplied by the result of: <b>OLDER PEOPLE PSS BASIC AMOUNT</b> ; plus <b>OLDER PEOPLE PSS AGE TOP-UP</b> ; plus <b>OLDER PEOPLE PSS DEPRIVATION TOP-UP</b> ;
(b)	The result of (a) is multiplied by <b>LOW INCOME ADJUSTMENT</b> ;
(c)	The result of (b) is multiplied by <b>SPARSITY ADJUSTMENT FOR PEOPLE AGED 65 AND OVER</b> ;
(d)	The result of (c) is multiplied by <b>AREA COST ADJUSTMENT FOR OLDER PEOPLE'S PSS</b> ;
(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.
(f)	The result of (e) is then divided by 10,000,000,000.

## **Social Services for Younger Adults**

4.17 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.

4.18 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**

<b>YOUNGER ADULTS PSS BASIC AMOUNT</b>	9.8049
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**Top-up**

<b>YOUNGER ADULTS PSS DEPRIVATION TOP-UP</b>	284.1943 <i>multiplied by</i> <b>PEOPLE AGED 18 TO 64 RECEIVING DISABILITY LIVING ALLOWANCE; plus</b> 76.8918 <i>multiplied by</i> <b>PEOPLE AGED 18 TO 64 WHO ARE LONG TERM UNEMPLOYED OR HAVE NEVER WORKED; plus</b> 26.0100 <i>multiplied by</i> <b>PEOPLE AGED 18 TO 64 WHO WORK IN ROUTINE OR SEMI ROUTINE OCCUPATIONS; plus</b> 21.7351 <i>multiplied by</i> <b>HOUSEHOLDS WITH NO FAMILY; minus</b> 15.0541
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The full formula used to calculate the *Social Services for Younger Adults* element is:

<b><i>Social Services for Younger Adults</i></b>	
(a)	<b>PROJECTED POPULATION AGED 18-64 IN 2010</b> <i>multiplied by</i> the result of: <b>YOUNGER ADULTS PSS BASIC AMOUNT; plus</b> <b>YOUNGER ADULTS PSS DEPRIVATION TOP-UP;</b>
(b)	The result of (a) is <i>multiplied by</i> <b>AREA COST ADJUSTMENT FOR CHILDREN AND YOUNGER ADULTS PSS;</b>
(c)	The result of (b) is then <i>multiplied by</i> the scaling factor given in Annex F for the <i>Social Services for Younger Adults</i> sub-block.
(d)	The result of (c) is then <i>divided by</i> 10,000,000,000.

### III Police

4.19 The main determinant of the RNF for the Police service block is the projected population. 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.

4.20 The RNF 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.

4.21 The Police element for a particular authority consists of a basic amount per resident and a basic amount for special events, and top-ups for crime, incidents, fear of crime, traffic, sparsity, special events and area costs:

**Basic amounts**

<b>POLICE BASIC AMOUNT</b>	16.6310
<b>SPECIAL EVENTS BASIC AMOUNT</b>	0.8190

**Top-ups**

<b>POLICE CRIME TOP-UP 1</b>	2.6482 <i>multiplied by</i> <b>DAYTIME NET-INFLOW PER RESIDENT POPULATION; plus</b> 0.2953 <i>multiplied by</i> <b>LOG OF BARS PER 100 HECTARE; plus</b> 16.2210 <i>multiplied by</i> <b>INCOME SUPPORT/ INCOME BASED JOBSEEKER'S ALLOWANCE/ GUARANTEE ELEMENT OF PENSION CREDIT CLAIMANTS; plus</b> 34.1326 <i>multiplied by</i> <b>SINGLE PARENT HOUSEHOLDS</b>
<b>POLICE CRIME TOP-UP 2</b>	0.0323 <i>multiplied by</i> <b>POPULATION DENSITY; plus</b> 103.8493 <i>multiplied by</i> <b>LONG-TERM UNEMPLOYMENT-RELATED BENEFIT CLAIMANTS</b>
<b>POLICE CRIME TOP-UP 3</b>	0.0783 <i>multiplied by</i> <b>LOG OF BARS PER 100 HECTARE; plus</b> 0.0086 <i>multiplied by</i> <b>POPULATION DENSITY; plus</b> 3.9294 <i>multiplied by</i> <b>RESIDENTS IN ROUTINE/SEMI ROUTINE OCCUPATIONS OR NEVER WORKED/LONG TERM UNEMPLOYED; plus</b> 9.6829 <i>multiplied by</i> <b>SINGLE PARENT HOUSEHOLDS; plus</b> 0.7321 <i>multiplied by</i> <b>DAYTIME NET-INFLOW PER RESIDENT POPULATION</b>
<b>POLICE CRIME TOP-UP 4</b>	0.1980 <i>multiplied by</i> <b>LOG OF BARS PER 100 HECTARE; plus</b> 1.2335 <i>multiplied by</i> <b>HARD PRESSED; plus</b> 26.9606 <i>multiplied by</i> <b>STUDENT HOUSING; plus</b> 8.7196 <i>multiplied by</i> <b>SINGLE PARENT HOUSEHOLDS</b>

<b>POLICE CRIME TOP-UP 5</b>	0.3330 <i>multiplied by</i> <b>LOG OF BARS PER 100 HECTARE</b> ; <i>plus</i> 145.5098 <i>multiplied by</i> <b>YOUNG MALE UNEMPLOYMENT-RELATED BENEFIT CLAIMANTS</b> ; <i>plus</i> 36.9806 <i>multiplied by</i> <b>STUDENT HOUSING</b>
<b>POLICE CRIME TOP-UP 6</b>	1.2538 <i>multiplied by</i> <b>LOG OF OVERCROWDED HOUSEHOLDS</b> ; <i>minus</i> 0.4908 <i>multiplied by</i> <b>LOG OF POPULATION SPARSITY</b> ; <i>plus</i> 5.3370 <i>multiplied by</i> <b>DAYTIME NET-INFLOW PER RESIDENT POPULATION</b>
<b>POLICE CRIME TOP-UP 7</b>	4.3181 <i>multiplied by</i> <b>DAYTIME NET-INFLOW PER RESIDENT POPULATION</b> ; <i>minus</i> 3.2132 <i>multiplied by</i> <b>WEALTHY ACHIEVERS</b> ; <i>plus</i> 27.1311 <i>multiplied by</i> <b>STUDENT HOUSING</b>
<b>POLICE INCIDENTS TOP-UP</b>	39.0432 <i>multiplied by</i> <b>INCOME SUPPORT/ INCOME BASED JOBSEEKER'S ALLOWANCE/ GUARANTEE ELEMENT OF PENSION CREDIT CLAIMANTS</b> ; <i>plus</i> 10.4135 <i>multiplied by</i> <b>RESIDENTS IN TERRACED ACCOMMODATION</b>
<b>POLICE FEAR OF CRIME TOP-UP</b>	0.3134 <i>multiplied by</i> <b>LOG OF BARS PER 100 HECTARE</b> ; <i>plus</i> 2.2570 <i>multiplied by</i> <b>HARD PRESSED</b>
<b>POLICE TRAFFIC TOP-UP</b>	1.2085 <i>multiplied by</i> <b>POPULATION SPARSITY</b>
<b>POLICE SPARSITY TOP-UP</b>	0.8835 <i>multiplied by</i> <b>POPULATION SPARSITY</b>

The full formula used to calculate the Police element is:

**Police**

- (a) **PROJECTED POPULATION IN 2010** *multiplied by* the result of:
  - POLICE BASIC AMOUNT**; *plus*
  - POLICE CRIME TOP-UP 1**; *plus*
  - POLICE CRIME TOP-UP 2**; *plus*
  - POLICE CRIME TOP-UP 3**; *plus*
  - POLICE CRIME TOP-UP 4**; *plus*
  - POLICE CRIME TOP-UP 5**; *plus*
  - POLICE CRIME TOP-UP 6**; *plus*
  - POLICE CRIME TOP-UP 7**; *plus*
  - POLICE INCIDENTS TOP-UP**; *plus*
  - POLICE FEAR OF CRIME TOP-UP**; *plus*
  - POLICE TRAFFIC TOP-UP**; *plus*
  - POLICE SPARSITY TOP-UP**
  
- (b) **PROJECTED DAYTIME POPULATION IN 2010** *multiplied by* **SPECIAL EVENTS BASIC AMOUNT**;
  
- (c) The results of (a) and (b) are added together and the result is *multiplied by* **AREA COST ADJUSTMENT FOR POLICE**;
  
- (d) The result of (c) is then *multiplied by* the result of 1 *minus* **POLICE GRANT RATE**;
  
- (e) The result of (d) is then *multiplied by* the scaling factor given in Annex F for the Police service block.
  
- (f) The result of (e) is then divided by 10,000,000,000.

## IV Fire and Rescue

4.22 The main determinant of the RNF for the Fire and Rescue service block is projected population. Cost adjustments are made for the length of coastline, deprivation and high risk sites in terms of fire cover. Cost adjustments are also made for differences in the costs of provision between areas.

4.23 The RNF element for the Fire and Rescue service block is calculated for the following classes of authority:

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

4.24 The Fire and Rescue 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**

<b>FIRE AND RESCUE BASIC AMOUNT</b>	1.6824
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### **Top-ups**

<b>FIRE AND RESCUE COASTLINE TOP-UP</b>	0.7825 <i>multiplied by</i> <b>COASTLINE</b>
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<b>FIRE AND RESCUE DEPRIVATION TOP-UP</b>	0.2349 <i>multiplied by</i> <b>RISK INDEX</b>
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<b>HIGH RISK TOP-UP PROPERTY AND SOCIETAL RISK TOP-UP</b>	30,869.6814 <i>multiplied by</i> <b>COMAH SITES PROPERTY AND SOCIETAL RISK</b>
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<b>COMMUNITY FIRE SAFETY TOP- UP</b>	<b>COMMUNITY FIRE SAFETY</b>
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The full formula used to calculate the *Fire and Rescue* element is:

***Fire and Rescue***

- (a) **PROJECTED POPULATION IN 2010** *multiplied by* the result of:  
**FIRE AND RESCUE BASIC AMOUNT**; *plus*  
**FIRE AND RESCUE COASTLINE TOP-UP**; *plus*  
**FIRE AND RESCUE DEPRIVATION TOP-UP**; *plus*  
**HIGH RISK TOP-UP**; *plus*  
**PROPERTY AND SOCIETAL RISK TOP-UP**; *plus*  
**COMMUNITY FIRE SAFETY TOP-UP**
- (b) The result of (a) is then *multiplied by* **AREA COST ADJUSTMENT FOR FIRE**;
- (c) The result of (b) is then *multiplied by* the scaling factor given in Annex F for the Fire and Rescue service block.
- (d) The result of (c) is then *divided by* 10,000,000,000.

## V Highway Maintenance

4.25 The main determinants of the RNF 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.

4.26 The RNF 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.

4.27 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**

<b>HIGHWAY BASIC AMOUNT</b>	130.978
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### **Top-ups**

<b>USAGE TOP-UP</b>	10.8537 <i>multiplied by</i> <b>TRAFFIC FLOW</b> ; <i>plus</i> 0.7779 <i>multiplied by</i> <b>DAYTIME POPULATION PER KM</b>
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<b>WINTER MAINTENANCE TOP-UP</b>	0.4999 <i>multiplied by</i> <b>DAYS WITH SNOW LYING</b> ; <i>plus</i> 1.1246 <i>multiplied by</i> <b>PREDICTED GRITTING DAYS</b>
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The full formula used to calculate the *Highway Maintenance* element is:

<b>Highway Maintenance</b>	
(a)	<b>WEIGHTED ROAD LENGTHS</b> <i>multiplied by</i> the result of: <b>HIGHWAY BASIC AMOUNT</b> ; <i>plus</i> <b>USAGE TOP-UP</b> ; <i>plus</i> <b>WINTER MAINTENANCE TOP-UP</b> ;
(b)	The result of (a) is <i>multiplied by</i> <b>AREA COST ADJUSTMENT FOR HIGHWAY MAINTENANCE</b> ;
(c)	The result of (b) is then <i>multiplied by</i> the scaling factor given in Annex F for the Highway Maintenance service block.
(d)	The result of (c) is then <i>divided by</i> 10,000,000,000.

## VI Environmental, Protective and Cultural Services

4.28 This block includes services provided by local authorities other than those specifically covered elsewhere in this section of the Report. The RNF 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***

4.29 The client group for these services is the total projected 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.

4.30 The RNF 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.

4.31 The RNF 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***

<b>DISTRICT SERVICES EPCS BASIC AMOUNT</b>	12.3769
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#### ***Top-ups***

<b>DISTRICT SERVICES EPCS DENSITY TOP-UP</b>	0.9389 <i>multiplied by</i> <b>POPULATION DENSITY</b>
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<b>DISTRICT SERVICES EPCS SPARSITY TOP- UP</b>	6.7031 <i>multiplied by</i> <b>POPULATION SPARSITY</b>
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<b>DISTRICT SERVICES EPCS ADDITIONAL POPULATION TOP-UP</b>	4.9929 <i>multiplied by</i> <b>NET IN-COMMUTERS</b> ; plus 4.2388 <i>multiplied by</i> <b>DAY VISITORS</b>
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<b>DISTRICT SERVICES EPCS DEPRIVATION TOP-UP</b>	40.1303 <i>multiplied by</i> <b>INCAPACITY BENEFIT AND SEVERE DISABLEMENT ALLOWANCE; plus</b>
	27.1297 <i>multiplied by</i> <b>INCOME SUPPORT/ INCOME BASED JOBSEEKER'S ALLOWANCE/ GUARANTEE ELEMENT OF PENSION CREDIT CLAIMANTS; plus</b>
	40.1303 <i>multiplied by</i> <b>OLDER PEOPLE ON INCOME SUPPORT/ INCOME BASED JOBSEEKER'S ALLOWANCE/ GUARANTEE ELEMENT OF PENSION CREDIT; plus</b>
	27.1297 <i>multiplied by</i> <b>UNEMPLOYMENT RELATED BENEFIT CLAIMANTS; plus</b>
	3.6578 <i>multiplied by</i> <b>COUNTRY OF BIRTH OF RESIDENTS</b>

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

<b><i>Services provided predominantly by non-metropolitan district councils in non-metropolitan areas</i></b>	
(a)	<b>PROJECTED POPULATION IN 2010</b> <i>multiplied by</i> the result of: <b>DISTRICT SERVICES EPCS BASIC AMOUNT; plus</b> <b>DISTRICT SERVICES EPCS DENSITY TOP-UP; plus</b> <b>DISTRICT SERVICES EPCS SPARSITY TOP-UP;</b>
(b)	<b>DISTRICT SERVICES EPCS ADDITIONAL POPULATION TOP-UP; plus</b> <b>DISTRICT SERVICES EPCS DEPRIVATION TOP-UP</b>
(c)	The results of (a) and (b) are added together and that result is then <i>multiplied by</i> <b>AREA COST ADJUSTMENT FOR ENVIRONMENTAL, PROTECTIVE AND CULTURAL SERVICES;</b>
(d)	The result of (c) is then <i>multiplied by</i> the scaling factor given in Annex F for these services;
(e)	The result of (d) is then divided by 10,000,000,000.

### ***Services provided predominantly by county councils in non-metropolitan areas***

4.32 The client group for these services is the total projected 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 4.34 below).

4.33 The RNF 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.

4.34 The RNF 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  
AMOUNT** 9.1637

**Top-ups**

**COUNTY SERVICES  
EPCS DENSITY  
TOP-UP** 0.2232 *multiplied by* **POPULATION DENSITY**

**COUNTY SERVICES  
EPCS  
ADDITIONAL  
POPULATION  
TOP-UP** 5.8505 *multiplied by* **NET IN-COMMUTERS**; *plus*  
9.7489 *multiplied by* **DAY VISITORS**

**COUNTY SERVICES  
EPCS  
DEPRIVATION  
TOP-UP** 35.0954 *multiplied by* **UNEMPLOYMENT RELATED BENEFIT  
CLAIMANTS**; *plus*  
27.2965 *multiplied by* **INCOME SUPPORT/ INCOME BASED  
JOBSEEKER'S ALLOWANCE/ GUARANTEE ELEMENT OF  
PENSION CREDIT CLAIMANTS**; *plus*  
13.6473 *multiplied by* **INCAPACITY BENEFIT AND SEVERE  
DISABLEMENT ALLOWANCE** ; *plus*  
4.9309 *multiplied by* **COUNTRY OF BIRTH OF RESIDENTS**

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

**Services provided predominantly by county councils in non-metropolitan areas**

- (a) **PROJECTED POPULATION IN 2010** *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 results of (a) and (b) are added together and that 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* 0.81134; for all other authorities the result of (c)  
remains the same.
- (e) The result of (d) is then *multiplied by* the scaling factor given in Annex F for these  
services;
- (f) The result of (e) is then divided by 10,000,000,000.

## Fixed Costs

4.35 An RNF 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.

4.36 The *Fixed Costs* element for a particular authority is calculated as follows:

<b>Fixed Costs</b>	
(a)	<b>£325,000.00</b> is multiplied by the scaling factor given in Annex F for <i>Fixed Costs</i> .
(b)	The result of (a) is then divided by 10,000,000,000.

## Flood Defence

4.37 An RNF 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.

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

<b>Flood Defence</b>	
(a)	<b>FLOOD DEFENCE EXPENDITURE</b>
(b)	The result of (a) is multiplied by the scaling factor given in Annex F for <i>Flood Defence</i> .
(c)	The result of (b) is divided by 10,000,000,000.

## Continuing Environment Agency Levies

4.39 An RNF 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.

4.40 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 *Continuing Environment Agency Levy*.
- (b) The result of (a) is then divided by 10,000,000,000.

***Coast Protection***

4.41 An RNF 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.

4.42 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*
- (b) The result of (a) is then divided by 10,000,000,000.

## VII Capital Financing

4.43 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.

4.44 An RNF 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 and rescue authorities.

4.45 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 ceiling<sup>1</sup> for the authority and/or its predecessors.

4.46 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.

4.47 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.

4.48 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.

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<sup>1</sup> 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).

4.49 The RNF element for Capital Financing for a particular authority is calculated as follows:

**Capital Financing**

- (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 *multiplied by* **INTEREST RATE**;
- (c) The result of (b) is then *added to*  
**DEBT I** *multiplied by 0.04*;
- (d) The result of (c) is then *multiplied by* the scaling factor given in Annex F for *Capital Financing*.
- (e) The result of (d) is then divided by 10,000,000,000.

4.50 The sum of various RNF elements then produces a further two combined RNF elements as follows.

### ***Upper-tier services***

4.51 A combined RNF element for *Upper-tier services* 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.

4.52 The full formula used to calculate the *Upper-tier services* element is:

<b><i>Upper-tier services</i></b>	
(a)	The sum of the following elements:
(i)	the Youth and Community RNF as defined in paragraph 4.8 of this Report, <i>plus</i>
(ii)	the Local Authority Central Education Functions RNF as defined in paragraph 4.10 of this Report, <i>plus</i>
(iii)	the Children's Social Care RNF as defined in paragraph 4.12 of this Report, <i>plus</i>
(iv)	the Social Services for Older People RNF as defined in paragraph 4.16 of this Report, <i>plus</i>
(v)	the Social Services for Younger Adults RNF as defined in paragraph 4.18 of this Report, <i>plus</i>
(vi)	the Highway Maintenance RNF as defined in paragraph 4.27 of this Report, <i>plus</i>
(vii)	the County-Level EPCS RNF as defined in paragraph 4.34 of this Report, <i>plus</i>
(viii)	the Continuing Environment Agency Levies RNF as defined in paragraph 4.40 of this Report

## ***Mixed-tier services***

4.53 A combined RNF element for *Mixed-tier services* is calculated for the following classes of authority:

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

4.54 The full formula used to calculate the *Mixed-tier* element is:

### ***Mixed-tier***

- (a) The sum of the following elements:
- (i) the Fixed Costs RNF as defined in paragraph 4.36 of this Report, *plus*
  - (ii) the Flood Defence RNF as defined in paragraph 4.38 of this Report, *plus*
  - (iii) the Coast Protection RNF as defined in paragraph 4.42 of this Report