

**LOCAL GOVERNMENT FINANCE REPORT 2006-2007**  
**(Final Settlement - Police Authorities)**

**National Assembly for Wales**

**LOCAL GOVERNMENT FINANCE REPORT**  
**(No. 2) 2006-07**  
**(Final Settlement - Police Authorities)**

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**SECTION ONE: PURPOSE OF REPORT AND MAIN PROPOSALS**

**Chapter 1. Purpose of report**

1.1 This report is made in accordance with the requirements of the Local Government Finance Act 1988 (“the 1988 Act”). It sets out how much revenue support grant (RSG) the National Assembly for Wales proposes to distribute to police authorities in 2006-07. The report also sets out how Non-Domestic Rates (NDR) will be distributed to police authorities.

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## **Chapter 2. Main Proposals**

### ***Revenue Support Grant***

- 2.1 The amount of RSG for police authorities in 2006-07 is £75.8 million.
- 2.2 Under the system of distribution determined in this report, the amount of RSG to be paid to an individual police authority is determined by its SSA, taking account of the amount of NDR it will receive and also of the amount of council tax it is assumed to be able to raise. Section 2 of this report describes how this process works.

### ***Distributable amount: Non Domestic Rates***

- 2.3 The distributable amount of NDR available for authorities in Wales for 2006-07 is £730m (which is referred to as E in Chapter 4). Therefore, the amount available for police authorities is £73 million. The basis upon which NDR is distributed to police authorities is described in Chapter 4.

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## SECTION TWO: POLICE AUTHORITIES

### Chapter 3. Calculation of the amount of RSG for each police authority

- 3.1 This chapter specifies the basis on which the National Assembly will distribute the amount of RSG to be paid to police authorities in 2006-07. Grant will be distributed so that if each police authority were to have a budget requirement at the level of its Standard Spending Assessment (SSA) then, subject to certain qualifications as set out in the Explanatory Notes (Annex 2), all police authorities could set broadly the same council tax for dwellings listed in the same valuation band.
- 3.2 The method by which SSAs for police authorities have been calculated is set out in Chapter 5. The calculation makes use of information reflecting the demographic, physical, economic and social characteristics of each area.
- 3.3 In order to calculate the amount of grant to be paid to each police authority, the Assembly will first calculate the SSA for that authority. For this purpose, it is assumed that there is no use of, or contribution to, financial reserves.

The RSG entitlement for each police authority is calculated by applying the formula:

$$A - B - (C \times D)$$

where:

A is the SSA for the police authority as calculated in accordance with Chapter 5;

B is the police authority's share of the distributable amount from the non-domestic rating account as calculated in accordance with Chapter 4;

C is the standard tax element for the police authority as specified in paragraph 3.4; and

D is the police authority tax base for RSG purposes for the police authority area as specified in Table 3.1.

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## **Standard tax elements for calculating RSG entitlements**

3.4 The National Assembly will distribute RSG so as to enable (subject to the qualifications specified in Annex 1) broadly the same council tax, known as Council Tax for Standard Spending, to be set for dwellings listed in the same valuation band in all areas. The appropriate “standard tax element” for police authorities is £75.97.

## **Council tax base for distributing RSG**

3.5 Each council is required to calculate its council tax base in accordance with regulations made under section 33(5) of the Local Government Finance Act 1992 (these are the Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995 (as amended)<sup>1</sup>). The calculation of the council tax base for the purpose of distributing RSG is made having regard to council tax base figures supplied to the National Assembly by councils on Form CT1 on or before 30 November 2005.

3.6 The council tax base figures for the purpose of distributing RSG are set out in Table 3.1.

**Table 3.1 Council tax base: number of band D equivalent properties for 2006-07**

<i>Police authorities</i>	
Dyfed-Powys	205,536
Gwent	205,501
North Wales	274,527
South Wales	460,849
<i>Wales total</i>	1,146,414

*Note: Figures shown in the above table are rounded versions of those actually used.*

*Note: An explanation of Band D equivalent properties is given in Annex 2 – Explanatory Notes.*

<sup>1</sup> See the Local Authorities (Calculation of Council Tax Base) (Wales) (Amendment) Regulations 1999 SI 1999/2935 (W27) and the Local Authorities (Calculation of Council Tax Base) and Council Tax (Prescribed Classes of Dwellings) (Wales) (Amendment) Regulations 2004.

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## Chapter 4. Calculation of the amount of non-domestic rates for each police authority

4.1 This chapter specifies the basis on which the National Assembly will distribute among police authorities the appropriate share of the distributable amount from the non-domestic rating account for 2006-07. It will be distributed pro rata to adult population in each police authority's area, using the formula below:

$$(E \times 10\%) \times \frac{F}{G}$$

where:

- E is the distributable amount specified in paragraph 2.3 of this Report;
- F is the resident population aged 18 years and over at 30 June 2004 for the police authority area, as derived from estimates by the Registrar General and specified in Table 4.1;
- G is the population of Wales on the same basis as that in respect of F above.

**Table 4.1 Resident population aged 18 years and over at 30 June 2004**

	<i>Prescribed figure</i>
Dyfed Powys	397,057
Gwent	426,108
North Wales	529,254
South Wales	948,218
<i>Wales total</i>	<u>2,300,637</u>

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## **Chapter 5. Calculation of the SSA for each police authority**

- 5.1 The main elements of the formula for calculating the SSA of police authority are decided by the Home Secretary as part of a common formula covering Wales and England. The National Assembly is responsible for the capital financing element of the formula.
  
- 5.2 The main determinant of the police SSAs is the projected resident population. Cost adjustments are built into this formula for the socio-economic and other characteristics of police force areas and for differences in the costs of provision between areas.
  
- 5.3 The indicators used to determine the SSA for each police authority, and their definitions, are set out in Section 3, Annex 1.



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**SECTION THREE - ANNEXES TO THE REPORT**

- Annex 1      Indicators used in the calculation of police authorities' SSAs**
- Annex 2      Glossary and Explanatory Notes**
- Annex 3      Statutory Basis for the Report**

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**ANNEX 1: INDICATORS AND VALUES USED IN THE CALCULATION OF POLICE  
AUTHORITIES' SSAS**

Unless otherwise stated, data used to construct indicators for the calculation of standard spending assessments (SSAs) are those that were available to the Home Secretary on 1 October 2005 concerning the area of each constituent authority of each police authority relevant to the calculation of specific SSA elements.

Constituent authorities for this purpose, and in the definition of population density below, are the councils whose areas are contained within the area of the police authority.

Data used to construct the indicators have been adjusted, where relevant, to take account of the alterations to police areas in Wales made under the Police Areas (Wales) Order 1995 (SI 1995/2864).

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## CALCULATION OF SSA

The total SSA is the sum of the current and non-current SSAs.

## CALCULATION OF CURRENT SSA

The greater part of the amount of grant to be paid to each police authority is calculated in accordance with the principal needs-based formula shown below.

The main determinant in the principal formula is the projected resident population. Cost adjustments are built into this formula for the socio-economic and other characteristics of police force areas and for differences in the costs of provision between areas.

The formula is generally specified in terms of the sum of a series of 'amounts' multiplied by 'indicators'. A full description of each indicator is given in Section (A) below. Indicators are items of information which are available for each police authority, for example, density of population.

The application of a scaling factor in calculating the amounts of grant allocated to each police authority by means of the principal formula is to ensure that the total of all those amounts equals the aggregate amount of grant to be allocated by means of the principal formula.

The police element for a particular police authority consists of a basic amount per projected resident, a basic amount per person projected to be present in the authority during a 24 hour period (i.e. residents plus commuters), for special events, and top-ups for crime, incidents, fear of crime, traffic, sparsity and area costs:

### *Basic amounts*

Police Basic Amount                      15.6269

Special Events Basic Amount            0.9121

### *Top-ups*

Police Crime Top-Up 1                    2.5152 *multiplied by* **DAYTIME NET INFLOW PER RESIDENT POPULATION**; *plus*  
0.2805 *multiplied by* **LOG OF BARS PER 100 HECTARES**; *plus*  
15.4062 *multiplied by* **INCOME SUPPORT/INCOME BASED JSA/GUARANTEE ELEMENT OF PENSION CREDIT CLAIMANTS**; *plus*  
32.4180 *multiplied by* **SINGLE PARENT HOUSEHOLDS**

Police Crime Top-Up 2                    0.0256 *multiplied by* **POPULATION DENSITY**; *plus*  
82.1325 *multiplied by* **LONG-TERM UNEMPLOYMENT-RELATED BENEFIT CLAIMANTS**

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Police Crime Top-Up 3	0.0609 <i>multiplied by</i> <b>LOG OF BARS PER 100 HECTARES</b> ; <i>plus</i> 0.0067 <i>multiplied by</i> <b>POPULATION DENSITY</b> ; <i>plus</i> 3.0576 <i>multiplied by</i> <b>RESIDENTS IN ROUTINE/SEMI ROUTINE OCCUPATIONS OR NEVER WORKED/LONG- TERM UNEMPLOYED</b> ; <i>plus</i> 7.5344 <i>multiplied by</i> <b>SINGLE PARENT HOUSEHOLDS</b> ; <i>plus</i> 0.5697 <i>multiplied by</i> <b>DAYTIME NET INFLOW PER RESIDENT POPULATION</b>
Police Crime Top-Up 4	0.1515 <i>multiplied by</i> <b>LOG OF BARS PER 100 HECTARES</b> ; <i>plus</i> 6.6716 <i>multiplied by</i> <b>SINGLE PARENT HOUSEHOLDS</b> ; <i>plus</i> 20.6279 <i>multiplied by</i> <b>STUDENT HOUSING</b> ; <i>plus</i> 0.9438 <i>multiplied by</i> <b>HARD PRESSED</b>
Police Crime Top-Up 5	0.2854 <i>multiplied by</i> <b>LOG OF BARS PER 100 HECTARES</b> ; <i>plus</i> 31.6950 <i>multiplied by</i> <b>STUDENT HOUSING</b> ; <i>plus</i> 124.7123 <i>multiplied by</i> <b>YOUNG MALE UNEMPLOYMENT- RELATED BENEFIT CLAIMANTS</b>
Police Crime Top-Up 6	5.0289 <i>multiplied by</i> <b>DAYTIME NET INFLOW PER RESIDENT POPULATION</b> ; <i>minus</i> 0.4625 <i>multiplied by</i> <b>LOG OF POPULATION SPARSITY</b> ; <i>plus</i> 1.1814 <i>multiplied by</i> <b>LOG OF OVERCROWDED HOUSEHOLDS</b>
Police Crime Top-Up 7	4.0978 <i>multiplied by</i> <b>DAYTIME NET INFLOW PER RESIDENT POPULATION</b> ; <i>plus</i> 25.7466 <i>multiplied by</i> <b>STUDENT HOUSING</b> ; <i>minus</i> 3.0493 <i>multiplied by</i> <b>WEALTHY ACHIEVERS</b>
Police Incidents Top-Up	33.7667 <i>multiplied by</i> <b>INCOME SUPPORT/INCOME BASED JSA/GUARANTEE ELEMENT OF PENSION CREDIT CLAIMANTS</b> ; <i>plus</i> 9.0061 <i>multiplied by</i> <b>RESIDENTS IN TERRACED ACCOMMODATION</b>
Police Fear of Crime Top-Up	0.2681 <i>multiplied by</i> <b>LOG OF BARS PER 100 HECTARES</b> ; <i>plus</i> 1.9305 <i>multiplied by</i> <b>HARD PRESSED</b>
Police Traffic Top-Up	1.4409 <i>multiplied by</i> <b>POPULATION SPARSITY</b>
Police Sparsity Top-Up	0.8059 <i>multiplied by</i> <b>POPULATION SPARSITY</b>

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The amount of police element for a particular authority allocated under the principal formula is calculated as follows:

**Principal Formula to be applied by the Home Secretary**

- (a) **PROJECTED POPULATION IN 2006** *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 2006** *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* **POLICE GRANT RATE**;
- (e) The result of (d) is then *multiplied by* the scaling factor given in Annex B of the Police Grant Report (England and Wales) 2006/2007.
- (f) The result of (e) is *multiplied by* the result of £3,956,422,000 *divided by* the sum for all police authorities of the result of (e) given in Annex D of the Police Grant Report (England and Wales) 2006/2007.

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## **(A) Indicators and data used to calculate the current elements of SSAs for police authorities**

### **PROJECTED POPULATION IN 2006**

For Welsh authority areas, the projected total resident population in 2006, as estimated by the First Secretary of State using information from the National Assembly for Wales and the Registrar General.

### **DAYTIME NET INFLOW PER RESIDENT POPULATION**

The result of:

(i) The number of persons working but not resident in the police authority's area *minus* the number of persons resident in but working outside the police authority's area, calculated using information from the 2001 Census; *divided by*

(ii) The resident population at 30 June 2004, as estimated by the Registrar General.

### **PROJECTED DAYTIME POPULATION IN 2006**

The sum of:

(i) The PROJECTED POPULATION IN 2006 (as defined above); and

(ii) The number of persons working but not resident in the police authority's area; *minus* the number of persons resident in but working outside the police authority's area, calculated using information from the 2001 Census.

### **HARD PRESSED**

The proportion of household residents living in areas classified as ACORN category Hard Pressed, as defined in ACORN data produced by CACI Limited, based upon information from the 2001 Census and the updated ACORN classification released at the end of 2004.

### **LONG TERM UNEMPLOYMENT-RELATED BENEFIT CLAIMANTS**

The number 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 2002 and April 2005, calculated using monthly information provided by the Office for National Statistics through NOMIS, *divided by* 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 2004, as estimated by the Registrar General.

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## **YOUNG MALE UNEMPLOYMENT-RELATED BENEFIT CLAIMANTS**

The number of male claimants aged under 25 years, 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 2002 and April 2005, calculated using monthly information provided by the Office for National Statistics through NOMIS, divided by 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 2004, as estimated by the Registrar General.

## **INCOME SUPPORT/ INCOME BASED JSA/GUARANTEEE ELEMENT OF PENSION CREDIT CLAIMANTS**

The number of Income Support/Income based Jobseekers Allowance/ Guarantee Element of Pension Credit claimants, over a period between August 2001 and August 2004, 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 at 30 June 2004, as estimated by the Registrar General.

## **TERRACED HOUSEHOLDS**

The proportion of households which are terraced, including end terraced, calculated using information from the 2001 Census.

## **RESIDENTS IN ROUTINE/ SEMI ROUTINE OCCUPATIONS OR NEVER WORKED/ LONG TERM UNEMPLOYED**

The proportion of residents in routine or semi-routine occupations or who have never worked or are long term unemployed, calculated using information from the 2001 Census.

## **WEALTHY ACHIEVERS**

The proportion of household residents living in areas classified as ACORN category Wealthy Achievers, as defined in ACORN data produced by CACI Limited, based upon information from the 2001 Census and the updated ACORN classification released at the end of 2004.

## **STUDENT HOUSING**

The proportion of households that contain all students, calculated using information from the 2001 Census.

## **SINGLE PARENT HOUSEHOLDS**

The proportion of households which are lone parent households with dependant children, calculated using information from the 2001 Census.

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## **LOG OF OVERCROWDED HOUSEHOLDS**

The natural logarithm of:

The proportion of overcrowded households with an occupancy rating of “-1 or less”, calculated by using information from the 2001 Census. (The natural logarithm is also known as the Napierian log or log to the base e).

## **LOG OF BARS PER 100 HECTARES**

The natural logarithm of:

The number of units that are bars (*defined as Standard Industrial Classification (SIC) 55.4 – BARS*), as estimated by the First Secretary of State, based on information provided by the Office for National Statistics from the 2003 Annual Business Inquiry; *divided* by the number of hectares, using information from the 2001 Census; the result is then *multiplied* by 100.

## **POPULATION DENSITY**

The resident population for each output area within an authority, as estimated by the Registrar General; *divided* by the area of the local authority in hectares, using information from the 2001 Census.

## **POPULATION SPARSITY**

The population sparsity of each local authority measured at Output Area level. The sum of:

(i) 2 multiplied by the resident population of those Census Output Areas within the area of the authority at the 2001 Census with 0.5 or less residents per hectare, *divided* by the total resident population of the authority, calculated using information from the 2001 Census; and

(ii) The resident population of those census output areas within the area of the authority at the 2001 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 2001 Census.

Output Areas were introduced by the Office for National Statistics as the smallest units of output for the 2001 Census. In England and Wales they have a minimum size of 100 residents and 40 households. They are based on Census day postcodes and fit within the boundaries of 2003 statistical wards (and parishes).

## **LOG OF POPULATION SPARSITY**

The natural logarithm of POPULATION SPARSITY (as defined above).



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## **POLICE GRANT RATE**

The proportion of police revenue expenditure in England and Wales for 2006/2007 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) 2006/07.

## **AREA COST ADJUSTMENT FOR POLICE**

A factor calculated to reflect differences in the costs of providing police services across the country. It is generally based on information derived from the following sources: the 2002, 2003 and 2004 Annual Survey of Hours and Earnings provided by the Office for National Statistics; Subjective Analysis Return 2003/04; Base Estimate Returns 1992/93; rateable values and hereditaments at 1 August 2005 from the Inland Revenue; estimates of office hereditaments and floorspace as at 2004; gross non-domestic rates and increases and reductions in rate yields, as supplied by authorities to the First Secretary of State on the National Non- Domestic Rates Provisional Contributions Return 2005/06; and the total resident population as at 30 June 2004, as estimated by the Registrar General. This factor is given in Annex C of the Police Grant Report (England and Wales) 2006/07.

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### **(B) Indicators and data used to calculate the non-current elements of SSAs for police authorities**

The component of standard spending assessments in respect of capital financing, including an element for leasing and an element for the revenue consequences of Private Finance Initiative projects, is derived by assuming that:

- (i) The level of credit ceiling in respect of the police fund at 31 March 2005 relating to debt incurred before 31 March 1990 is the figure supplied to the National Assembly for Wales by police authorities on the COR5 return for 2005.
- (ii) The level of credit ceiling in respect of the police fund at 31 March 2005 relating to debt incurred after 31 March 1990 is the difference between the credit ceiling in respect of (i) above and the figure for the total notional credit ceiling as reported on the COR5 return for 2005.

The assumed levels of credit ceiling in respect of (i) and (ii) above are:

**Table 1 Police authority credit ceiling**

	<i>Credit ceiling (£ thousands)</i>	
	<i>(i)</i>	<i>(ii)</i>
Dyfed-Powys	2,253	2,969
Gwent	1,357	5,217
North Wales	163	3,345
South Wales	1,906	17,243
All police authorities	5,679	28,774

- (iii) Police authorities are assumed to repay 4.0 per cent of the balance of any notional credit ceiling in respect of (i) during 2005-06 and 2006-07.
- (iv) Police authorities are assumed to repay 4.0 per cent of the balance of any notional credit ceiling in respect of (ii) during 2005-06 and 2006-07.
- (v) The debt incurred by police authorities during 2005-06 and 2006-07 is assumed to be equal to the credit approval/supported borrowing figure for each police authority available to the Assembly when these calculations were made.
- (vi) At the start of the 2006-07 financial year, police authorities are assumed to repay 4.0 per cent of the balance of any notional credit ceiling in respect of

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credit approvals/supported borrowing which had been issued in 2005-06 when the Assembly calculations were made.

- (vii) Interest payments in respect of debt incurred before 1990-91 are determined as the result of applying the pool rate of interest for the September of the year prior to the year in question to the average notional credit ceiling for 2006-07 remaining from (i) above.
- (viii) Interest payments in respect of debt incurred in 1990-91 and subsequent years are determined as the result of applying the pool rate of interest for the September of the year prior to the year in question to the average notional outstanding loan debt for 2006-07 remaining from (ii) and (v) above.
- (ix) The loan charges component of each police authority's debt financing SSA is the sum, for values relating to 2006-07, of:
  - 49 per cent of the repayments described in (iii) above, 100 per cent of the repayments described in (iv) and (vi), 49 per cent of the interest payments described in (vii) and 100 per cent of the interest payments described in (viii). The remaining 51 per cent is assumed to be covered by police capital financing grant.

*multiplied* by a factor to ensure that the total for all Welsh police authorities equals the total loan charges component set for police authorities as a whole in respect of loan charges.
- (x) The component in respect of leasing charges and attributed to police authorities is assumed to be equal to a weighted average of the latest three years of financial data on leasing charges available to the Assembly when these calculations were made, derived from those figures reported on the RA0203, RA0304 and RA0405 forms, multiplied by a factor to ensure that the total for all Welsh police authorities equals the total component set for police authorities as a whole in respect of leasing charges.
- (xi) An assessment in respect of the revenue consequences of Private Finance Initiative projects based on constant principal repayments over the lifetime of project contracts, and interest payment based on the agreed pool rate for each contract, taking into account any part year effects.
- (xii) The debt financing component of each police authority's SSA is the sum of the amounts described in (ix), (x) and (xi) above.

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## ANNEX 2: GLOSSARY AND EXPLANATORY NOTES

This glossary offers explanations of some of the key technical terms used in the report.

**Band D equivalent properties** For the purposes of the council tax, each property has been given a valuation in terms of a band. These bands range from band A up to band I and the police authority tax bills for each band vary according to a set of multipliers. These multipliers vary from sixth ninths for a band A property to two and three ninths for a band I property while the multiplier for a band D property is one. The number of band D equivalent properties in an authority is the total number of domestic dwellings expressed in terms of their relation to band D. For example, one band H property is equivalent to two band D properties, because it pays twice as much police authority tax.

**Council Tax Base** of an area is equal to the number of band D equivalent properties, after adjustment for discounts and exemptions. Discounts are available to people who live alone, and to owners of homes that are not anyone's main home. Police authority Tax is not charged for certain properties, known as exempt properties, such as those lived in only by students. The description of how the tax base is calculated and used in the calculation of RSG see paragraph 3.5 in section 2 of this Report.

**Council Tax for Standard Spending** is the level of police authority tax for a band D property which would be charged in all parts of Wales if all police authorities and police authorities spent at the level of their SSA. This figure is used to work out how the amount of RSG payable to police authorities should be shared among them, and similarly how the amount of RSG payable to police authorities should be shared out.

**Non-Domestic Rates** are the property tax paid by businesses. All business rates are paid into a central pool administered by the National Assembly for redistribution to police authorities and police authorities.

**Qualifications affecting council tax calculation:** RSG is distributed to enable each police authority to set broadly the same police authority tax for dwellings listed in the same valuation band. For each council or police authority, it is assumed that the 2006-07 council tax base used for RSG distribution is calculated in accordance with the relevant secondary legislation (The Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995 (S.I. 1995/2561), as amended by the Local Authorities (Calculation of Council Tax Base) (Wales) (Amendment) Regulations 1999 (S.I.1999/2935). Secondly, it is assumed that the application of section 35 of the Local Government Finance Act 1992 ("special items or the purposes of section 34") (as amended) will result in the same council tax for dwellings listed in the same valuation band across the whole of a police authority's area.

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**Receiving Authorities** include police authorities. RSG is paid to each receiving authority.

**SSAs** (Standard Spending Assessments) are notional assessments for RSG distribution purposes of each police authority's need to spend on revenue services, excluding specific grants.

**Standard tax element** is the portion of the council tax for standard spending attributable to each class of receiving authority. It is a common figure for each authority within a class. The two classes of authorities in Wales are councils and police authorities.

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## **ANNEX 3: STATUTORY BASIS FOR THE REPORT**

1. The Local Government Finance report is made under section 84G (Local government finance reports) of the Local Government Finance Act 1988 (“the 1988 Act”) as amended by the Local Government Act 2003 (“the 2003 Act”). The report will have effect for the financial year 2006-07 if it is duly approved by resolution of the National Assembly.

### ***Amount of RSG and redistributed non domestic rates***

2. Section 84F (Determination of grant) of the 1988 Act requires the Assembly to determine the amount of RSG for each financial year and how much it proposes to pay to receiving police authorities.

### ***Basis of distributing RSG***

3. Section 40 and paragraph 1 of Schedule 2 to the 2003 Act inserted section 84G into the 1988 Act. Section 84G requires the National Assembly to make a report setting out its determinations under section 84F and to specify the basis on which RSG is to be distributed between receiving authorities.

### ***Redistributed Non Domestic Rates***

4. Paragraph 9 of Schedule 8 (Distributable amount) to the 1988 Act requires the Assembly to specify in the report the distributable amount from the non-domestic rating account. Under paragraph 10 (Distribution: local government finance reports) of the same Schedule the National Assembly is required to set out in the report the basis (the basis of distribution) on which the distributable amount will be distributed among receiving authorities.