

LOCAL GOVERNMENT FINANCE REPORT 2003-2004
(Final settlement)

National Assembly for Wales

LOCAL GOVERNMENT FINANCE REPORT
2003-2004
(Final Settlement)

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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 county and county borough councils (hereafter referred to as councils) and to police authorities in 2003-04. The report also sets out how Non-Domestic Rates (NDR) will be distributed to councils and to police authorities; and states the amount of RSG the Assembly proposes to pay to specified bodies providing services to local government.
- 1.2 Before making determinations about the overall amount of RSG and the respective shares of RSG and NDR to be distributed among receiving authorities and specified bodies, the National Assembly consulted councils and police authorities, as required by the 1988 Act. The consultation period lasted from 28th November 2002 to 9th January 2003 for councils and from 19th December 2002 to 9th January 2003 for police authorities. Elements of the information concerning the police settlement are provisional and will be updated once the Home Office has announced details of the Police Grant and the SSA formula for 2003-04.

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Chapter 2. Main Proposals

Revenue Support Grant

- 2.1 The amount of RSG for councils in 2003-04 is £2,458.6 million. In addition, £2,519,569 of RSG is to be paid to specified bodies.
- 2.2 Under the system of distribution determined in this report, the amount of RSG to be paid to an individual council or 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. Part Two of this report describes how this process works in respects of councils. Part Three describes how the process works for police authorities.

Distributable amount: Non Domestic Rates

- 2.3 The distributable amount of NDR for 2003-04 is £660 million. The National Assembly has determined that 90 per cent of the distributable amount shall be for councils (£594 million) and 10 per cent (£66 million) for police authorities. The basis upon which NDR is distributed to councils is described in Chapter 4; police authorities' NDR is dealt with in Chapter 7.

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SECTION TWO: COUNCILS

Chapter 3. Calculation of the amount of RSG for each council

- 3.1 This chapter specifies the basis on which the National Assembly will distribute the amount of RSG to be paid to councils in 2003-04. Grant will be distributed so that if each council 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 4), all councils could set broadly the same council tax for dwellings listed in the same valuation band.
- 3.2 The method by which SSAs for councils have been calculated is set out in Chapter 6. The calculation makes use of information reflecting the demographic, physical, economic and social characteristics of each area. For Cardiff, the figure is adjusted downwards by £228,234, while the figure for the Vale of Glamorgan is adjusted upwards by £228,234 to account for the change in provision of Welsh Medium secondary education for pupils living in the Vale of Glamorgan.
- 3.3 In order to calculate the amount of grant to be paid to each council, 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 council is calculated by applying the formula:

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

where:

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

B is the council'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 council as specified in Table 3.1; and

D is the council tax base for RSG purposes for the council area as specified in Table 3.2.

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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 3) 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. Table 3.1 below sets out for valuation Band D the appropriate share of Council Tax for Standard Spending, known as the “standard tax element” for councils.

Table 3.1

	£
Council tax for standard spending	692.98
Standard tax element for councils	639.05

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

Council tax base for distributing RSG

3.5 Each council is required to calculate its council tax base in accordance with the Local Authorities (Calculation of Council Tax Base) (Wales) Regulations 1995 (as amended by National Assembly statutory instrument no. 2935 1999).

3.6 The council tax base figures for the purpose of distributing RSG are set out in Table 3.2 on next page.

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Table 3.2 Council tax base: number of band D equivalent properties

<i>County and county borough councils</i>	
Isle of Anglesey	27,009
Gwynedd	45,827
Conwy	45,539
Denbighshire	34,151
Flintshire	55,315
Wrexham	44,216
Powys	51,786
Ceredigion	27,313
Pembrokeshire	46,480
Carmarthenshire	62,226
Swansea	81,840
Neath Port Talbot	46,123
Bridgend	47,475
The Vale of Glamorgan	50,872
Rhondda Cynon Taff	71,976
Merthyr Tydfil	16,978
Caerphilly	55,799
Blaenau Gwent	20,853
Torfaen	30,806
Monmouthshire	39,127
Newport	48,925
Cardiff	113,994
<i>Wales total</i>	1,064,628

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 4 – Explanatory Notes.

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Chapter 4. Calculation of the amount of non-domestic rates for each council

4.1 This chapter specifies the basis on which the National Assembly will distribute among councils the appropriate share of the distributable amount from the non-domestic rating account for 2003-04. It will be distributed pro rata to adult population in each council's area, using the formula below:

$$(E \times 90\%) \times \frac{F}{G}$$

where:

E is the distributable amount, specified in paragraph 6 of the introduction to this Report;

F is the resident population aged 18 years and over at 30 June 2001 for the council area, as derived from estimates by the Registrar General and specified in Table 4.1 on next page;

G is the population of Wales on the same basis.

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Table 4.1 Resident population aged 18 years and over at 30 June 2001

	<i>Prescribed figure</i>
Isle of Anglesey	52,012
Gwynedd	91,419
Conwy	86,816
Denbighshire	72,446
Flintshire	114,190
Wrexham	99,743
Powys	98,659
Ceredigion	60,803
Pembrokeshire	86,822
Carmarthenshire	135,432
Swansea	175,376
Neath Port Talbot	104,475
Bridgend	99,119
The Vale of Glamorgan	90,386
Rhondda Cynon Taff	177,528
Merthyr Tydfil	42,291
Caerphilly	128,405
Blaenau Gwent	53,182
Torfaen	69,018
Monmouthshire	65,800
Newport	102,577
Cardiff	234,638
<i>Wales total</i>	2,241,137

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Chapter 5. Calculation of the SSA for each council

5.1 No part of the RSG for councils is earmarked for particular services. The relevant tables referred to in this section do not form a basis for calculating a notional allocation of either SSA or grant to individual councils for particular services.

5.2 The SSA of each council is determined following the methodology recommended by the Distribution Sub-Group (DSG) of local government and National Assembly officials and approved by the Partnership Council.

- The DSG methodology has identified a set of need indicators;
- the SSA units are those that are appropriate to apply to the indicators given in the table, following the DSG methodology; the size of the unit gives an indication of the appropriate level of spending associated with that indicator;
- each SSA unit shown alongside a need indicator is multiplied by the value of that need indicator;
- the sum of the resulting figures, together with an amount for debt financing and other items, comprises that council's SSA.

5.3 The indicators used to determine the SSA for each council, and their definitions, are set out in Section 4, Annex 2.

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SECTION THREE: POLICE AUTHORITIES

Chapter 6. Calculation of the amounts of Revenue Support Grant for each Police Authority

- 6.1 As a result of the shared responsibility between the Assembly and the Home Office for police funding, the Assembly cannot finalise the settlement for police authorities until the Home Office's final grant decisions are known.
- 6.2 This chapter specifies the best possible estimate of the basis on which the National Assembly will distribute among police authorities the amount of RSG which is to be paid to them for 2003-04 under Part V of the 1988 Act. The assumptions made to reach this estimate are set out in Annex 3 {to be added}. Grant is to be distributed so that if each authority were to have a budget requirement at the level of its Standard Spending Assessment (SSA) then, subject to certain qualifications which will be set out when the supplementary information on police funding is issued following the Home Office announcements, all authorities could set broadly the same council tax for dwellings listed in the same valuation band.
- 6.3 The National Assembly will distribute RSG among police authorities on the basis of the police SSA figures set out in Annex 3. These figures are derived from a formula, which incorporates information reflecting the demographic, physical, economic and social characteristics of each area, and also incorporate a debt-financing element, which has been individually calculated for each authority.
- 6.4 In order to calculate the amount of grant it will pay to each police authority, the Assembly will take the SSA figure for that authority, assuming that there is no use of, or contribution to, financial reserves.
- 6.5 The RSG entitlement for each police authority is to be calculated by applying the formula:

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

where:

A is the SSA for the authority;

B is the authority's share of the distributable amount from the non-domestic rating account as calculated in accordance with Chapter 7;

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- C is the standard tax element for the authority as specified in Table 6.1; and
- D is the council tax base for RSG purposes for the area of the authority as specified in Table 6.2.

Standard tax elements for calculating RSG entitlements

6.6 RSG will be distributed so as to enable (subject to the qualifications set out in the Explanatory Notes, Annex 4) 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 table below sets out for valuation Band D the appropriate shares of Council Tax for Standard Spending, known as “standard tax elements” for police authorities in Wales.

Table 6.1

	£
Council tax for standard spending	692.98
Standard tax element for police authorities	53.93

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

6.7 The council tax base figures for the purpose of distributing RSG for police authorities, set out in table 6.2, are calculated by adding together the figures of the county and county borough councils in their respective areas.

Table 6.2 Council tax base: number of band D equivalent properties

<i>Police Authorities</i>	
Dyfed Powys	187,805
Gwent	195,510
North Wales	252,056
South Wales	429,257
Wales total	1,064,628

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

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Chapter 7. Calculation of the amount of non-domestic rates for each police authority

7.1 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 2003-04. It will be distributed pro rata to adult population in each authority's area, using the formula:

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

where:

E is the distributable amount, specified in paragraph 2.3 of Part One of this Report;

F is the resident population aged 18 years and over at 30 June 2001 for the area of the authority, as derived from estimates by the Registrar General and specified in Table 7.1;

G is the population of Wales, on the same basis

Table 7.1 Resident population aged 18 years and over at 30 June 2001

<i>Police Authorities</i>	
Dyfed Powys	381,716
Gwent	418,982
North Wales	516,626
South Wales	923,813
<i>Wales total</i>	<hr/> 2,241,137

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SECTION FOUR - ANNEXES TO THE REPORT

Annex 1 Amount of Revenue Support grant to be paid to Specified Bodies

Annex 2 Indicators used in the calculation of councils' SSAs

Annex 3 Police authority SSA and Grant assumptions (to be provided)

Annex 4 Glossary and Explanatory Notes

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ANNEX 1: AMOUNTS OF RSG TO BE PAID TO SPECIFIED BODIES

The amount of RSG that the National Assembly will pay to each specified body is the amount shown against its name in the right hand column of the table below:

Specified Body	£
Improvement and Development Agency for Local Government	425,810
Employer's Organisation for Local Government	315,011
Fire Services Examinations Board	26,358
Public Private Partnerships Programme	106,883
National Foundation for Educational Research	76,037
National Institute of Adult Continuing Education	40,105
Local Government International Bureau	88,517
Local Authorities Co-ordinating Body on Food and Trading Standards	152,630
Education Psychology Service	253,218
Commission for Local Administration in Wales	1,035,000
TOTAL	2,519,569

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ANNEX 2: INDICATORS AND VALUES USED IN THE CALCULATION OF COUNCILS' SSAS

Table 1 Indicators and data used to calculate SSAs for councils

<i>Need indicator</i>	<i>Note</i>	<i>Data Year</i>	<i>SSA Unit (£)</i>
Population, all ages	1	2001	180.000525
Population aged 4 to 11	1	2001	45.006517
Population aged 5 to 16	1	2001	240.327467
Population aged 11 to 20	1	2001	51.344512
Population aged 18 to 64	1	2001	73.162831
Population aged 16 and over	1	2001	4.574308
Population aged 18 and over	1	2001	3.920938
Population aged under 60	1	2001	2.096029
Population aged 60 and over	1	2001	64.741781
Population aged under 18 with a double weighting for those aged under 8	1	2001	46.990777
Population aged 11 to 15 and secondary school pupils aged 16 and over	2	2001	101.158738
Population aged 16 to 18 other than at school	3	2001	24.272959
Enhanced population	4	2000	25.962226
Primary school pupils and modelled nursery school pupils	5	2002	2308.875113
Secondary school pupils	6	2002	2425.883219
Secondary school pupils aged 14 and 15	7	2002	1050.852123
Primary school pupils entitled to free school meals	8	2002	1166.980030
Secondary school pupils entitled to free school meals	9	2002	1735.818204
Area per modelled primary school numbers	10		262.658178
Area per modelled secondary school numbers	11		59.855965
Dependent children in households where head is in a low socio-economic group	12		2659.191386
Dependent children in lone adult households	13		302.779137
Persons aged under 18 with a limiting long-term illness	14		1408.470887
Pensioners living alone in households	15		621.189166
Pensioners living in households which lack central heating and/or the exclusive use of basic amenities	16		578.695660
Pensioners with a limiting long-term illness	17		379.793194
Pensioners who are head of households in owner-occupied houses	18		10.122241
Population in households where head is in low socio-economic group	19		568.874704
Adults with a limiting long-term illness	20		89.397200
Adults living alone in households	21		179.951794
Population aged under 18 in wards with weighted density greater than 1.5 times the Welsh average	22		127.421107
Dispersion threshold 2,500	23		0.003905
Dispersion threshold 5,000	23		0.004433
Dispersion threshold 7,500	23		0.000490

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<i>Need indicator</i>	<i>Note</i>	<i>Data Year</i>	<i>SSA Unit (£)</i>
Settlement threshold 1,000	24		69.463897
Settlement threshold 7,500	24		36.391181
Settlement threshold 12,500	24		2.889540
Settlement threshold 30,000	24		9.918233
Settlement threshold 40,000	24		6.203866
Population within settlement threshold 50,000	25		15.075786
Total income support and job seekers allowance claimants	26	2002	97.501892
Dependent children in families receiving income support / JSA	27	2002	411.941954
Income support and JSA claimants aged under 60	28	2002	126.291640
Income support recipients aged 60 and over	29	2002	858.156891
Expenditure on preserved rights for adults	30	2001	0.994853
Expenditure on preserved rights for elderly	30	2001	0.902768
Number of deaths from all causes	31	2001	166.903554
Population of electoral divisions that are in the top 25% of Index of Multiple Deprivation values (employment domain)	32		6.801391
Population of electoral divisions that are in the top 50% of Index of Multiple Deprivation values (employment domain)	32		3.563841
Population of electoral divisions that are in the top 25% of Index of Multiple Deprivation values (income domain)	32		6.328430
Population of electoral divisions that are in the top 50% of Index of Multiple Deprivation values (income domain)	32		3.476273
Local tax benefit caseload	33	2002	32.183546
Weighted homelessness cases	34	2002	6332.078837
Weighted housing renovation grant applications received	35	2002	13184.686056
Planning applications received	36	2002	285.555071
Urban road length	37	2002	1235.250540
Weighted road length	38	2002	2044.835209
Street lighting units	39	2002	66.508477
Length of artificially protected coastline	40	2002	9047.944731
Ships arriving at ports	41	2001	36.398204
All dwellings	42	2002	11.073083
Land area (excluding national parks)	43		0.661983
Land area of areas of outstanding natural beauty (AONBs)	44		2.911042
Food premises	45	2002	86.773385
Trading premises	46	2002	12.067577
Gross expenditure on rent allowances	47	2000-2001	68.364349
Land drainage levies	48	2002-2003	1.050000
National park levies	49	2003-2004	1.000000
Sea fisheries levies	50	2003-2004	1.000000
Cash limits for magistrates' courts committees	51	2003-2004	0.207608
Detruncked roads	52	2002	1.023716

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Notes to Table 1

Definitions of indicators used in the calculation of council SSAs

[NOTE: references to forms used to collect statistical data are National Assembly forms]

1. *Population*

For the purpose of this Report, the population of an area and, except where otherwise indicated, the number of persons of any description in an area shall be the number at 30 June of the data year estimated by the Registrar General as usually resident in that area, or the number derived from those estimates.

2. *Population aged 11 to 15 and secondary school pupils aged 16 and over*

The population of the council area (see note 1) plus the number of pupils at January of the year following the data year aged 16 and over at maintained secondary schools in the council area (aggregated from information reported by maintained schools on form STATS1, and information from councils).

3. *Population aged 16 to 18 other than at school*

The population of the council area (see note 1) less the number of pupils at January of the year following the data year aged 16 and over at maintained secondary schools in the council area (aggregated from information reported by maintained schools on form STATS1, and information from councils).

4. *Enhanced population*

The total population of the council area (see note 1) plus the number of overnight visitors from within and outside the United Kingdom and the number of day visitors, based on estimates provided by the Scarborough Tourism and Economic Activity Model (compiled from information collected by Tourism South and West Wales in the publication 'STEAM in Wales: Executive Summaries 2001').

5. *Primary school pupils and modelled nursery school pupils*

The number of pupils aged 4 and over at January of the data year at maintained primary and nursery schools excluding special schools in the council area, plus pupils aged 5 to 10 inclusive at independent schools excluding special schools and special education for whom the council pays full tuition fees. An estimate for nursery pupils aged 3 is also included by taking the population of that age group in the council and scaling the number down by the proportion of 3 year olds in nursery schools for Wales as a whole. Part-time pupils have been given a weighting of one-half (aggregated from information reported by maintained schools on form STATS1, and information from councils).

6. *Secondary school pupils*

The number of pupils aged between 11 and 15 at January of the data year at maintained secondary schools in the council area excluding special schools; plus pupils

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aged between 11 and 15 at independent schools for whom the council pays full tuition fees, excluding special schools and special education (aggregated from information reported by maintained schools on form STATS1 and information from councils).

7. *Secondary school pupils aged 14 and 15 years old*

The number of pupils aged 14 and 15 years old at January of the data year at maintained secondary schools in the council area excluding special schools; plus pupils at independent schools for whom the council pays full tuition fees, excluding special schools and special education (aggregated from information reported by maintained schools on form STATS1 and information from councils).

8. *Primary school pupils entitled to free school meals*

The number of pupils entitled to free school meals at January of the data year at maintained primary schools in the council area (aggregated from information reported by maintained schools on form STATS1).

9. *Secondary school pupils entitled to free school meals*

The number of pupils entitled to free school meals at January of the data year at maintained secondary schools in the council area (aggregated from information reported by maintained schools on form STATS1).

10. *Area per modelled primary school numbers*

The land surface divided by a modelled number of primary schools for the council. The modelled number of schools is derived using regression methods, taking into account the number of pupils in maintained primary schools (see note 5) and the population settlement indicator with a threshold of 1000 (see note 24). Modelled rather than actual school numbers are used to avoid perverse incentives. See note 44 for a definition of land area. Distribution Sub Group paper 41 (2000) describes the calculation of modelled number of schools.

11. *Area per modelled secondary school numbers*

The land surface divided by a modelled number of secondary schools for the council. The modelled number of schools is derived using regression methods, taking into account the number of pupils in maintained secondary schools (see note 6,7) and the population settlement indicator with a threshold of 7500 (see note 24). Modelled, rather than actual, school numbers are used in order to avoid perverse incentives. See note 44 for a definition of land area. Distribution Sub Group paper 50 (2000) describes the calculation of modelled number of schools.

12. *Dependent children in households where head is in a low socio-economic group*

The number of dependent children resident in households where the head of household is, or if economically inactive was last employed as, a personal service worker,

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semi-skilled or unskilled manual worker or farm worker (socio-economic group 7, 10, 11 or 15), calculated from the 1991 Population Census (10 per cent sample data) including special tabulations on the previous socio-economic grouping of economically inactive heads of households.

13. *Dependent children in lone adult households*

The number of dependent children resident in households where there is only one resident adult (1991 Population Census).

14. *Persons aged under 18 with a limiting long-term illness*

The number of usually resident persons aged under 18 with a limiting long-term illness (1991 Population Census).

15. *Pensioners living alone in households*

The number of persons of pensionable age (females aged 60 and over, males aged 65 and over) residing alone in households (1991 Population Census).

16. *Pensioners living in households which lack central heating and/or the exclusive use of basic amenities*

The number of persons of pensionable age (females aged 60 and over, males aged 65 and over) resident in households which lack central heating and/or the exclusive use of one or more basic amenities (inside WC or bath/shower) (1991 Population Census).

17. *Pensioners with a limiting long-term illness*

The number of usually resident persons of pensionable age (females aged 60 and over, males aged 65 and over) with a limiting long-term illness (1991 Population Census).

18. *Pensioners who are head of households in owner-occupied houses*

The number of heads of household of pensionable age (females aged 60 and over, males aged 65 and over) resident in a household and with tenure of owned (either with a mortgage or outright).

19. *Population in households where head is in a low socio-economic group*

The number of persons resident in households where the head of household is, or if economically inactive was last employed as, a personal service worker, semi-skilled or unskilled manual worker or farm worker (socio-economic group 7, 10, 11 or 15), calculated from the 1991 Population Census (10 per cent sample data) including special tabulations on the previous socio-economic grouping of economically inactive heads of households.

20. *Adults with a limiting long-term illness*

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The number of usually resident persons aged between 18 and 64 with a limiting long-term illness (1991 Population Census).

21. *Adults living alone in households*

The number of persons aged between 18 and 64 residing alone in households (1991 Population Census).

22. *Population aged under 18 in wards with weighted density greater than 1.5 times the Welsh average*

The total number of persons aged under 18 usually resident in the council area who reside in wards where the result of multiplying the usually resident population aged under 18 by the usually resident population and dividing by the area in hectares is greater than 1.5 times the average over all Welsh wards (1991 Population Census).

23. *Dispersion, with various thresholds*

This is a measure designed to capture the additional time and distance costs associated with service delivery to dispersed communities. The parameter is calculated to settlement centroids within each authority with “key” settlements defined on the basis of varying population threshold criteria (report commissioned from Pion Economics and NWRRL “The Derivation of Population Distribution Measures for Use in the Calculations of SSAs in Wales”).

24. *Settlement, with various thresholds*

The population in each authority outside settlements above the specified threshold population size using the population figures from the 1991 Population Census (report commissioned from Pion Economics and NWRRL “The Derivation of Population Distribution Measures for Use in the Calculations of SSAs in Wales”).

25. *Population within settlement threshold*

The population in each authority within settlements above the specified threshold population size using the population figures from the 1991 Population Census (report commissioned from Pion Economics and NWRRL “The Derivation of Population Distribution Measures for Use in the Calculations of SSAs in Wales”).

26. *Total income support or income based job seekers allowance claimants*

The estimated number of recipients of income support, or income based Jobseekers Allowance, averaged over the four quarters up to and including that ending in February of the data year (Department of Work and Pensions).

27. *Dependent children in families receiving income support or income based job seekers allowance*

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The estimated number of dependent children in families receiving income support, or income based Jobseekers Allowance, averaged over the four quarters up to and including that ending in February of the data year (Department of Work and Pensions).

28. *Income support or income based job seekers allowance recipients aged under 60*

The estimated number of recipients of income support, or income-based Jobseekers Allowance, aged under 60 averaged over the four quarters up to and including that ending in February of the data year (Department of Work and Pensions).

29. *Income support recipients aged 60 and over*

The estimated number of income support recipients aged 60 and over averaged over the four quarters up to and including that ending in February of the data year (Department of Work and Pensions).

30. *Expenditure on preserved rights*

The estimated expenditure on preserved rights for adults and elderly based on the actual number and average weekly rate of recipients of preserved rights from the December 2000 100% scan and adjusted by a subsequent survey of local authorities (Department of Work and Pensions).

31. *Number of deaths from all causes*

The number of deaths, as notified to the General Registrar, occurring within the councils area during the data year (Office for National Statistics).

32. *Population of electoral divisions that are in the top (25 / 50%) of Index of Multiple Deprivation values (income or employment domains)*

The population of electoral divisions within the council's area which have a multiple deprivation value amongst the top quarter / half of all electoral divisions in Wales. A high value indicates greater levels of deprivation. The population used for these purposes is taken from the 1998 National Health Service Administrative Register as the mid-year estimates of population are not available at electoral division level (Data published in the National Assembly for Wales' publication 'Welsh Index of Multiple Deprivation', 2000 edition).

33. *Local tax benefit caseload*

The number of local tax benefit claimants averaged over the four quarters up to and including that ending in February of the data year (Department of Work and Pensions).

34. *Weighted homelessness cases*

A weighted sum of homelessness cases averaged over the twelve quarters up to and including that ending in June of the data year, as measured by the number of households for which written notification of final decisions was given for the eight quarters up to and including that ending in June of the data year. Unintentionally

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homeless priority households are allocated a weight of 0.375, intentionally homeless priority households are allocated a weight of 0.250, eligible non-priority homeless households are allocated a weight of 0.125, eligible not homeless non-priority households are allocated a weight of 0.125 and ineligible households are allocated a weight of 0.125 (as reported by councils on form WHO12).

35. *Weighted housing renovation grant applications received*

A weighted sum of valid housing renovation grant applications received, averaged over the twelve quarters up to and including that ending in June of the data year. HMO grant applications received are allocated a weight of 0.05, DFG mandatory grant applications received are allocated a weight of 0.40, home repair grant applications received are allocated a weight of 0.15 and renovation grant applications received are allocated a weight of 0.40 (as reported by councils on form WH06).

36. *Planning applications received*

The number of planning applications received during each financial year averaged over the three financial years up to and including that ending in the data year (as reported by councils as part of the National Assembly Development Control Quarterly Survey).

37. *Urban road length*

The total length in kilometres at 1 April of the data year of those roads within the council's area, excluding trunk roads, subject to a speed limit not exceeding 40 miles per hour (as derived from estimates reported by councils on form TP1).

38. *Weighted road length*

The total length in kilometres at 1 April of the data year, of those roads within the council's area, excluding trunk roads, with weightings of 2.7 for principal roads and 1.0 for all other local roads (as derived from estimates reported by councils on form TP1).

39. *Street lighting units*

The number of street lighting units at 1 April of the data year, within the council's area (as reported by councils).

40. *Length of artificially protected coastline*

This is defined as the aggregate of the lengths in kilometres of coastline in August of the data year where capital works have been carried out under the Coast Protection Act 1949 or any earlier similar legislation, exclusive of those lengths owned and maintained by private interests or by public bodies other than councils.

41. *Ships arriving at ports*

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The estimated number of ships arriving at ports in the council area in the data year, excluding vessels employed in supply, dredging or dumping at sea (Office of the Deputy Prime Minister).

42. *Dwellings*

The number of domestic hereditaments as at 30 September of the data year (Valuation Office Agency).

43. *Land area (excluding national parks)*

The area of land within the council boundaries, excluding that of national parks contained within the council boundaries. Council land area is defined as the high water mark area in hectares as at August 2001. The data are calculated by the Cartographic Unit, National Assembly for Wales, using Ordnance Survey's Boundary Line data. The area of National Park land within a council's boundaries is as shown in the Welsh Office Circular Letter 28 July 1995 - National Parks in Wales: The Establishment of National Park Authorities, as amended by Welsh Office Circular letter 5 October 1995 - National Park Reorganisation in Wales: Membership of Brecon Beacons National Park.

44. *Land Area of Areas of Outstanding Natural Beauty (AONB)*

The area of land within the council boundaries of areas of outstanding natural beauty (Countryside Council for Wales).

45. *Food premises*

The number of business hereditaments falling within the classes Food (as defined by the National Assembly for Wales) as at 1 April of the data year (Valuation Office Agency).

46. *Trading premises (including farms)*

The sum of the number of business hereditaments falling within the classes trading (as defined by the National Assembly for Wales) as at 1 April of the data year (Valuation Office Agency) and the number of farms described as main holdings as at June 2001 taken from the National Assembly Agricultural Census 2002.

47. *Gross expenditure on rent allowances*

The gross expenditure on rent allowances for the financial year ending in the data year expressed in thousands of pounds.

48. *Land drainage levies*

The amounts levied on the council by the Environment Agency Flood Defence Committees and Internal Drainage Boards for the financial year.

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49. *National park levies*

The amounts to be levied on councils by the National Park Authorities for the financial year. Where the levy is to be borne by more than one council, the apportionment is according to the percentages specified in The National Park Authorities (Levies) (Wales) Regulations 1995 (SI 1995/3019 as amended).

50. *Sea fisheries levies*

The amounts to be levied on councils for the financial year by the Sea Fisheries Committees.

51. *Cash limits for magistrates' courts*

This is the cash limit expressed in pounds for the financial year ending in the data year for each magistrates' courts committee in respect of the magistrates' courts within its area, as issued by the Lord Chancellor's Department in December of the year prior to the financial year in question, apportioned to the constituent councils on the basis of population (see Note 1).

52. *Detruncked roads*

The estimated amount for each relevant authority for roads detrunked during the financial year.

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Table 2 Sum to be added to the value calculated using the formula set out in Table 1 for debt financing and other items

<i>Councils</i>	£
Isle of Anglesey	7,739,335.18
Gwynedd	12,977,910.25
Conwy	10,157,365.17
Denbighshire	10,643,293.62
Flintshire	13,222,542.64
Wrexham	11,322,539.33
Powys	14,664,301.67
Ceredigion	9,507,037.21
Pembrokeshire	14,300,700.72
Carmarthenshire	16,901,600.14
Swansea	24,172,192.97
Neath Port Talbot	14,257,991.47
Bridgend	12,579,119.89
The Vale of Glamorgan	10,576,622.14
Rhondda Cynon Taff	24,031,330.80
Merthyr Tydfil	6,441,511.05
Caerphilly	17,307,924.73
Blaenau Gwent	8,226,717.27
Torfaen	10,523,979.90
Monmouthshire	6,488,397.87
Newport	13,842,071.91
Cardiff	29,550,678.00

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Notes to Table 2

The sum shown for each council comprises the following items:

1. An assessment in respect of Best Value audit and inspection costs.
2. Debt financing component of SSAs for councils. The components of debt financing are repayments and interest (calculated from the notional credit ceiling for 2003-04), leasing charges, a reduction in respect of capital financing grants and the revenue consequences of Private Finance Initiative projects supported by a notional credit approval. The rate of repayment assumed is 4 per cent and the rate of interest used is the pool rate interest for 2003-04, which is 6.5%. A detailed description of the calculation is given in paragraphs (a) to (k) below.

Note: In paragraphs (a) to (k) below wherever information is only available for areas other than the areas of the county or county borough councils, it is apportioned to the councils on the basis of the number of persons at 30 June of the year in question, estimated by the Registrar General as usually resident in the areas concerned, except where different apportionments have been agreed between specific county or county borough councils (as notified by the Assembly).

(a) The component in respect of loan charges for debts incurred on or before 31 March 2002 and attributed to county or county borough councils is derived by assuming that the notional levels of credit ceiling are the figures derived from those reported on the COR5 returns for 2002 for the county or county borough councils and fire authorities. The assumed credit ceilings are given in Table 3.

The debt-financing component of each county or county borough council's SSA is the sum of the amounts described in (g), (h), (i) and (k), less the amount described in (j) below.

(b) County or county borough councils are assumed to repay 4% of the balance of any notional credit ceiling as at 1 April 2002 and 1 April 2003 in respect of the amounts in (a).

3. An adjustment in respect of the boundary changes taking place on 1 April 2003¹, based on the transfers of total resident population between the areas affected as estimated using information from the 1991 Population Census.

¹ The boundary changes made by the Carmarthenshire and Pembrokeshire (Clynderwen, Cilymaenllwyd & Henllan Fallteg) Order 2002 (SI 2002/370) and the Ceredigion and Pembrokeshire (St Dogmaels) Order 2002 (SI 2002/3272).

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Table 3 Notional credit ceiling at 31 March 2002

<i>County or county borough councils</i>	Credit Ceiling	
	£000	£ per head of population
Isle of Anglesey	67,703	1,015
Gwynedd	114,911	984
Conwy	89,501	815
Denbighshire	91,230	980
Flintshire	121,779	819
Wrexham	99,201	772
Powys	130,804	1,035
Ceredigion	65,835	874
Pembrokeshire	107,456	951
Carmarthenshire	153,678	885
Swansea	219,391	983
Neath Port Talbot	126,619	942
Bridgend	109,070	847
The Vale of Glamorgan	91,407	766
Rhondda Cynon Taff	206,023	888
Merthyr Tydfil	55,151	985
Caerphilly	121,902	719
Blaenau Gwent	69,933	999
Torfaen	89,121	980
Monmouthshire	57,650	678
Newport	124,042	905
Cardiff	266,017	872
Wales	2,578,425	888

Note: figures include relevant apportionment of fire authority credit ceiling

(c) Interest payments on any notional credit ceiling in respect of (a), as reduced by the annual repayment described in (b), are determined as the result of applying the pool rate of interest to the average notional total credit ceiling 2003-04.

(d) The component of SSAs in respect of capital financing for debts incurred after 31 March 2002 and attributed to county or county borough councils is derived by assuming that the debt incurred during 2002-03 and 2003-04 is equal to the total

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credit approval figure for the relevant year available to the National Assembly, Home Office, Lord Chancellor's Department and the ODPM when their calculations were made.

(e) County or county borough councils are assumed to repay 4% of the balance of any notional outstanding loan debt as at April 2003 in respect of the amounts in (d).

(f) Interest payments on any notional credit approval in respect of (d) are determined as the result of applying the pool rate of interest to the average notional total credit ceiling for 2003-04 in line with the assumptions described in (d) and (e) above.

(g) The capital-financing component of each county or county borough council in respect of debts incurred on or before 31 March 2002 is the sum of:

the repayments for 2003-04 described in (b) above and the interest payments described in (c),

(h) The capital-financing component of each county or county borough council in respect of debts incurred after 31 March 2002 is the sum of:

the repayments for 2003-04 described in (e) above and the interest payments described in (f),

(i) The component in respect of leasing charges and attributed to county or county borough councils is assumed to be equal to a weighted average of the latest three years of financial data on leasing charges available to the National Assembly when the calculations were made, derived from those figures reported on the RA 2000-01, RA 2001-02 and RA 2002-03 forms.

(j) The component in respect of capital financing grants from debts incurred on or before 31 March 1990 by probation committee areas and magistrate's court committee areas and attributed to county or county borough councils is derived from information on the amount payable to each probation committee area and magistrate's court committee area in the year 2002-03, provided by the Home Office and the Lord Chancellor's Department, less four per cent on the assumption that these debts will be fully paid within 25 years.

(k) An assessment in respect of the revenue consequences of the Private Finance Initiative projects based on payments over the lifetime of project contracts, calculated using the pool rate of interest applicable at the time each contract was signed, taking into account any part year effects.

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ANNEX 3: POLICE AUTHORITY SSA AND GRANT ASSUMPTIONS

1. As Home Office figures on SSAs, Police Grant and credit approvals are provisional the assumptions will be presented using an amending report..

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ANNEX 4: 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 H and the council 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 for a band H 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 council tax.

Billing Authorities are local authorities empowered to set local charges and issue bills for the council tax and the non-domestic rates on behalf of itself and other authorities in the area. In Wales, the billing authorities are county and county borough councils.

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. Council Tax is not charged for certain properties, known as exempt properties, such as those lived in only by students.

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

Distribution Sub Group (DSG) is a working group of the Partnership Council's Consultative Forum on Finance. Copies of its reports, remits and details of membership are available from the National Assembly's Local Government Finance Division.

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 councils and police authorities.

Qualifications affecting council tax calculation: RSG is distributed to enable each council or police authority to set broadly the same council tax for dwellings listed in the same valuation band. For each council or police authority, it is assumed that the 2003-04 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, as amended by National Assembly statutory instrument no 2935 1999). Secondly, it is assumed that the application of section 35 of the Local

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Government Finance Act 1992 (“special items”) will result in the same council tax for dwellings listed in the same valuation band across the whole of a council’s area.

Receiving Authorities are either councils or police authorities. RSG is paid to each receiving authority.

SSAs (Standard Spending Assessments) are notional assessments for RSG distribution purposes of each council's or 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 5: STATUTORY BASIS FOR THE REPORT

1. The Local Government Finance report is made under section 78A of the Local Government Finance Act 1988 as amended by the Local Government Finance Act 1992. On 1 July 1999 these powers transferred to the National Assembly for Wales by virtue of the National Assembly for Wales (Transfer of Functions) Order 1999, No.672. The report will have effect for the financial year 2003-04 if it is duly approved by resolution of the National Assembly.

Amount of RSG and redistributed non domestic rates

2. Section 78 of the 1988 Act requires the Assembly to determine the amount of RSG for each financial year; how much it proposes to pay to receiving authorities (county and county borough councils and police authorities) and how much it proposes to pay to specified bodies.
3. Specified bodies are bodies which provide services for local authorities and are specified in the RSG (Specified Bodies) (Wales) Regulations 2000. The Commission for Local Administration in Wales is treated as a specified body by virtue of paragraph 6 of Schedule 4 to the Local Government Act 1974.

Basis of distributing RSG

4. Paragraph 10 of Schedule 10 to the 1992 Act inserted section 78A into the 1988 Act. Section 78A requires the National Assembly to make a report setting out its determinations under section 78 and to specify the basis on which RSG is to be distributed between receiving authorities.

Commission for Local Administration in Wales

5. Before deciding how much RSG to pay to the Commission for Local Administration in Wales the National Assembly took into account estimates of the expenses of the Commission as required by paragraph 7 of Schedule 4 to the Local Government Act 1974 (as substituted by section 24 of the Local Government and Housing Act 1989).

Redistributed Non Domestic Rates

6. Paragraph 9 of Schedule 8 to the 1988 Act requires the Assembly to specify in the report the distributable amount from the non-domestic rating account. Under paragraph 10 of the same Schedule the National Assembly is required to set out in the report the basis on which the distributable amount will be distributed among receiving authorities.