

Chapter 11

Environmental, Protective and Cultural Services

The Current System

201. The current formula is divided into a number of elements. 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. The formula for services provided by the county level consists of a basic amount per resident and top ups for density, additional population, deprivation and area costs. The formula for district level services is similar in composition with the addition of a top up for sparsity. There are also separate elements for fixed costs, flood defence and coast protection.

202. The District-Level EPCS and County-Level EPCS formulae are judgemental. Given the wide range of services that these blocks cover the weights given to the various indicators were not derived using statistical methods. We propose to retain the main elements of these judgement-based formulae but to update them using the latest census data available. We also take the view that it would be highly undesirable to split this block up into sub-blocks representing single services as that would be a major increase in the complexity of the system with little gain in the accuracy of distribution of grant. Sub-block proposals are outlined below.

Services provided predominantly by non-metropolitan district councils in non-metropolitan areas

203. The current formula is given below.

Basic amount

DISTRICT SERVICES EPCS BASIC AMOUNT	£74.02
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Top-ups

DISTRICT SERVICES EPCS DENSITY TOP- UP	£5.88 multiplied by POPULATION DENSITY
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DISTRICT SERVICES EPCS SPARSITY TOP-UP	£35.49 multiplied by POPULATION SPARSITY
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DISTRICT SERVICES EPCS ADDITIONAL POPULATION TOP-UP £30.42 *multiplied by* **NET IN-COMMUTERS**; plus
£25.35 *multiplied by* **DAY VISITORS**

DISTRICT SERVICES EPCS DEPRIVATION TOP-UP £131.82 *multiplied by* **INCAPACITY BENEFIT AND SEVERE DISABLEMENT ALLOWANCE**; plus
£162.25 *multiplied by* **INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS**; plus
£131.82 *multiplied by* **ELDERLY ON INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE**; plus
£162.25 *multiplied by* **UNEMPLOYMENT RELATED BENEFIT CLAIMANTS**; plus
£30.42 *multiplied by* **COUNTRY OF BIRTH OF RESIDENTS**

204. The full formula used to calculate the FSS element for these services is:

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

2001 Census data

205. The population density, population sparsity, net in-commuters and country of birth of residents variables are currently derived from the 1991 Census. We propose to update these variables to their equivalents from the 2001 Census by ensuring that the proportions of the control total given out using these data remain unchanged.

206. The new basic amount and top-ups are given below.

Basic amount

**DISTRICT SERVICES
EPCS BASIC
AMOUNT** £74.03

Top-ups

**DISTRICT SERVICES
EPCS DENSITY TOP-
UP** £5.67 multiplied by **OUTPUT AREA DENSITY**

**DISTRICT SERVICES
EPCS SPARSITY
TOP-UP** £40.08 multiplied by **OUTOUT AREA SPARSITY**

**DISTRICT SERVICES
EPCS ADDITIONAL
POPULATION TOP-
UP** £29.86 multiplied by **NET IN-COMMUTERS**; plus

£25.35 multiplied by **DAY VISITORS**

**DISTRICT SERVICES
EPCS DEPRIVATION
TOP-UP** £131.83 multiplied by **INCAPACITY BENEFIT AND SEVERE
DISABLEMENT ALLOWANCE**; plus
£162.26 multiplied by **INCOME SUPPORT/INCOME BASED
JOBSEEKER'S ALLOWANCE CLAIMANTS**; plus
£131.83 multiplied by **ELDERLY ON INCOME SUPPORT/INCOME
BASED JOBSEEKER'S ALLOWANCE**; plus
£162.26 multiplied by **UNEMPLOYMENT RELATED BENEFIT
CLAIMANTS**; plus
£22.22 multiplied by **COUNTRY OF BIRTH OF RESIDENTS**

Concessionary fares

207. Since the original judgements on weightings were reached for 2003/04, there has been one further substantial policy change in the area of this sub-block. The Budget 2005 announced a free concessionary bus fare scheme for people aged over 60 and disabled people, which is funded by an extra £350 million added to this sub-block.

208. Take-up is likely to be higher in urban areas where there is a higher density of bus services and among those people who do not own a car. Not owning a car is likely to be a measure of deprivation in rural areas but may simply be a lifestyle choice in inner-city urban areas. For this reason the variable on "no car ownership" is not used in the FSS formulae. We propose, however, an option for re-weighting the district level formula that would increase weighting on population density, pensioners on income support and incapacity benefit/severe disablement allowance. The new density and deprivation top-ups are given below.

Top-ups

DISTRICT SERVICES EPCS DENSITY TOP- UP	£5.90 multiplied by POPULATION DENSITY
DISTRICT SERVICES EPCS DEPRIVATION TOP-UP	£240.00 multiplied by INCAPACITY BENEFIT AND SEVERE DISABLEMENT ALLOWANCE; plus £162.25 multiplied by INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS; plus £240.00 multiplied by ELDERLY ON INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE; plus £162.25 multiplied by UNEMPLOYMENT RELATED BENEFIT CLAIMANTS; plus £30.42 multiplied by COUNTRY OF BIRTH OF RESIDENTS

Waste

209. The existing lower tier EPCS formula was agreed by Ministers for the 2003/04 Settlement. Some work has been done to show that the main explanatory factor in the distribution of waste collection expenditure between authorities is resident population. Do you think we should make any further changes to coefficients to take into account increasing expenditure on waste?

Services provided predominantly by county councils in non-metropolitan areas

210. The current formula is given below.

Basic amount

COUNTY SERVICES EPCS BASIC AMOUNT	£48.54
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Top-ups

COUNTY SERVICES EPCS DENSITY TOP- UP	£1.24 multiplied by POPULATION DENSITY
COUNTY SERVICES EPCS ADDITIONAL POPULATION TOP- UP	£30.98 multiplied by NET IN-COMMUTERS; plus £51.64 multiplied by DAY VISITORS
COUNTY SERVICES EPCS DEPRIVATION TOP-UP	£185.90 multiplied by UNEMPLOYMENT RELATED BENEFIT CLAIMANTS; plus £144.59 multiplied by INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS; plus £72.29 multiplied by INCAPACITY BENEFIT AND SEVERE DISABLEMENT ALLOWANCE ; plus £36.15 multiplied by COUNTRY OF BIRTH OF RESIDENTS

211. The full formula used to calculate the *FSS* element for these services is:

Services provided predominantly by county councils in non-metropolitan areas	
(a)	RESIDENT POPULATION <i>multiplied by</i> the result of: COUNTY SERVICES EPCS BASIC AMOUNT ; <i>plus</i> COUNTY SERVICES EPCS DENSITY TOP-UP ;
(b)	COUNTY SERVICES EPCS ADDITIONAL POPULATION TOP-UP ; <i>plus</i> COUNTY SERVICES EPCS DEPRIVATION TOP-UP
(c)	The result of (a) and (b) is added together and the result is then <i>multiplied by</i> 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 <i>multiplied by</i> 0.81134
(e)	The result of (d) is then <i>multiplied by</i> the scaling factor given in Annex F for these services;

2001 Census data

212. The population density, population sparsity, net in-commuters and country of birth of residents variables are currently derived from the 1991 Census. We propose to update these variables to their equivalents from the 2001 Census by ensuring that the proportions of the control total given out using these data remain unchanged.

213. The new basic amount and top-ups are given below.

Basic amount

COUNTY SERVICES EPCS BASIC AMOUNT	£48.54
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Top-ups

COUNTY SERVICES EPCS DENSITY TOP-UP	£1.20 <i>multiplied by</i> OUTPUT AREA DENSITY
COUNTY SERVICES EPCS ADDITIONAL POPULATION TOP-UP	£30.98 <i>multiplied by</i> NET IN-COMMUTERS ; <i>plus</i> £51.64 <i>multiplied by</i> DAY VISITORS

COUNTY SERVICES EPCS DEPRIVATION TOP-UP	£185.89 multiplied by UNEMPLOYMENT RELATED BENEFIT CLAIMANTS ; plus
	£144.58 multiplied by INCOME SUPPORT/INCOME BASED JOBSEEKER'S ALLOWANCE CLAIMANTS ; plus
	£72.29 multiplied by INCAPACITY BENEFIT AND SEVERE DISABLEMENT ALLOWANCE ; plus
	£26.49 multiplied by COUNTRY OF BIRTH OF RESIDENTS

Waste

214. The existing upper tier EPCS formula was agreed by Ministers for the 2003/04 Settlement. Some work has been done to show that the main explanatory factor in the distribution of waste disposal expenditure between authorities is resident population. Do you think we should make any further changes to coefficients to take into account the increasing expenditure on waste?

Fixed Costs

215. In 2003/04 a survey was carried out to help determine the amount of money required by an authority for "being in business". As a result every upper- and lower-tier authority received £300,000 in FSS.

216. This amount has not been updated since 2003/04 and there has been no new evidence gathered for the size of this block during the current review. We propose to uprate this block in line with inflation to £325,000 per authority.

Flood Defence

217. The current formula is given below.

Flood Defence

(a) **FLOOD DEFENCE EXPENDITURE** is multiplied by the scaling factor given in Annex F for *Flood Defence*.

Critical Ordinary Watercourses transfer

218. While not strictly a formula issue, from 1 April 2006 the Environment Agency will take on full responsibility in England for Critical Ordinary Watercourses totalling 2,200km, the great majority of which are currently the responsibility of local authorities. In addition the Environment Agency will take on full responsibility for 1,000km of local authority ordinary watercourse, which also transfers to maintain continuity with existing main rivers. A transfer of resources will be made; but the distribution of these watercourses is so uneven that it seems worth putting forward an option for customising the transfer per authority to reflect its length of critical ordinary watercourse and to prevent too large a proportion of its flood defence formula share being

removed. Following the top slice transfer of £0.6 million made in 2005/06 we propose a customised transfer of a further £5 million from the flood defence FSS. We propose to allocate this cut by reducing local authorities' FSS for own flood defence in proportion to the length of critical ordinary watercourse while ensuring that every authority retains at least 25% of its FSS for own flood defence.

Continuing Environment Agency Levies

219. The current formula is given below.

Continuing Environment Agency Levies

(a) **ENVIRONMENT AGENCY (ENGLAND) LEVY** is multiplied by the scaling factor given in Annex F for *Continuing Environment Agency Levy*.

220. Defra is consulting in parallel on proposals to remove the present cap on Environment Agency flood defence levies and to require any decision on levies to command the support of the majority of local authority members of the regional flood defence committee. This is to overcome inflexibilities associated with the cap and FSS distribution while providing alternative safeguards for local authorities. The Defra consultation letter is available at <http://www.defra.gov.uk/enviro/fcd/policy/funding.htm#fss> and the closing date is 10 October.. Authorities who wish to comment should respond direct to Defra, copied to the Local Government Association.

Coast Protection

221. The current formula is given below.

Coast Protection

(a) **COAST PROTECTION EXPENDITURE** is multiplied by the scaling factor given in Annex F for *Coast Protection*

222. There are no plans to change this formula.

Summary of Options

Option EPCS1

Updating the density, sparsity, net in-commuters and country of birth data from the 1991 Census to the 2001 Census.

Option EPCS2

Re-weighting the density, pensioners on income support and incapacity benefit/severe disablement allowance indicators with respect to moving from a half-fare statutory concessionary fares scheme to a free-fare scheme.

Option FD1

A customised transfer for critical ordinary watercourses by reducing local authorities' FSS for own flood defence in proportion to the length of critical ordinary watercourse while ensuring that every authority retains at least 25% of its FSS for own flood defence.

Option FC1

Updating the fixed costs element to £325,000 per authority from £300,000 per authority.

Questions

223. We would like your views on:

Question 21: Do you think we should adjust the coefficients for concessionary fares?

Question 22: Do you think we should make any further changes to coefficients; for example, it has been argued that we should do so to take into account the increasing expenditure on waste?

Question 23: Do you think we should update the fixed cost element?

Question 24: Do you agree with the proposed method for transferring COWs to the Environment agency?