

Chapter 13

A simpler presentation of the new system

The Current System

225. A consideration in the construction of the formula options throughout this document is their simplicity and intelligibility. That must be balanced against other pressures, including the technical merits of particular options. So it may be the case that following consultation, the Government decides that relatively complex formulae give the most appropriate grant distribution.

The New System

However, a distinction can be drawn between the complexity of the formulae, and the way in which they are presented. We are considering whether it would be advantageous (in terms of improving intelligibility) to present complex formulae in a simple form, thus:

BASIC ALLOCATION + DEPRIVATION TOP-UP + PAY-COST TOP-UP + OTHER TOP-UPS

226. The resulting total would then be multiplied by the appropriate measure of client group size (eg. population), to give each authority's allocation.

227. Presenting formulae in this way need not affect distribution, but would increase transparency and make it easier for people to understand changes on grant allocation from one year to the next. As noted in the introduction, some top-ups may be calculated multiplicatively, others additively. However, each top-up can be presented as an additive amount, even if it has been calculated multiplicatively.

228. An example is the pay costs top-up. The basic entitlements plus other top-ups would be multiplied by the ACA to give each authority's allocation. The pay costs top-up then becomes the additional amount, over and above the basic entitlement plus other top-ups, that results from the application of the ACA.

229. The following table illustrates how this could work using Personal Social Services option SSO1, and Cornwall and Harrow as examples:

	Cornwall	Harrow
Basic Amount	£40.47	£40.47
Deprivation Top-Up	£12.12	£11.74
Area Cost Top-Up	£0.00	£6.17
Total of Basic plus Top-Ups	£52.59	£58.38
Number of Adults 18-64	293,935	136,897
Total times Number of Adults	£15.458 million	£7.992 million

Question

230. Do you have any views on:

- i) **Whether would it be helpful to present they system in this way, even if the underlying formulae are more complex?**