

**South Cambridgeshire**

**a) In cash terms**

The figures for 2007/08 are exactly the same as issued last January 2006:

LA Settlement January 2006 with the provisional figures for 2007/08 being confirmed on 28 <sup>th</sup> November 2006		Final 2006/07 £m	Prov. 2007/08 £m
<b>Department of Communities and Local Government</b>			
Relative Needs Amount	To meet relative needs in providing services	2.464	2.493
Relative Resources Amount	To take account of Council Tax that can be raised	-4.047	-4.322
Central Allocation	Distributed per head of population	8.932	9.558
Floor Damping	Transfer from gainers to losers to ensure losers receive minimum increase	-0.235	-0.167
Total Formula Grant		7.114	7.562
		Number	Number
Population		138,529	140,139
Tax base		55,942	56,624
<b>SCDC Financial Strategy</b>		£m	£m
Total Formula Grant		7.114	7.562

**b) On a like for like basis**

With the 2006/07 figure adjusted on the assumption that the same services are provided in both years, there is an increase in Formula Grant of £0.459 million, an increase of 6.5% compared to a floor of 2.7% and an average increase of 4.7% for shire districts:

	Adjusted 2006/07 £m	Provisional 2007/08 £m
Total Formula Grant	7.103	7.562

In 2007/08, the increase in Formula Grant of £0.459 million on a like for like basis needs to cover inflation, increased pension contributions, planning pressures and population growth. Inflation at an assumed rate of 2.5% would account for £0.178 million of the increase whilst increased pension contributions were roughly estimated in the financial strategy to cost £0.230 million (General Fund element only), leaving little for planning and growth.

**c) Council Tax**

The Minister stated that "... we expect to see an average council tax increase in England in 2007/08 of less than 5%. We will not allow excessive council tax increases. We have used our reserve capping powers in previous years to deal with excessive increases and won't hesitate to do so again if that proves necessary". There, therefore, seems no prospect of the capping legislation being revoked in the near future as part of the Lyons inquiry in to local government funding.