



**Report to: Cabinet**

**Subject: Local Government Finance Settlement 2007/2008**

**Date: 7 December 2006**

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1. **CONTENTS**

- This report provides the key points of the provisional local government finance settlement for 2007/08, which was released on 28 November 2006.

2. **KEY POINTS**

There have been no changes to the 4-block option funding allocations formula introduced as part of the multi-year settlement process last year.

The key features of the 2007/2008 settlements are:

- A £3.1 billion increase in Council's total Government grant – 4.9% increase in cash terms
- All authorities will receive reasonable increases in grant in cash terms for both years.
- The proposed standard multiplier for National Non-domestic Rates in 2007/08 will be 44.4p, with the small business multiplier being 44.1p

As in recent years floor-damping arrangements for 2007/2008 will ensure that all groups of authorities will receive a minimum grant increase.

The announcement provided details of the provisional Formula Grant entitlement for 2007/08, Local Authorities have until January 5 2007 to reply to the provisional settlements. This means the figures can change.

Within the next spending review government will move to give 3-year settlements for 2008/09, 2009/10, and 2010/11 respectively.

Government expect the average Council tax increase for 2007/08 to be less than 5.0%, and warn that capping powers will be used to deal with excessive increases.

5. **GEDLING BOROUGH COUNCIL'S POSITION**

The use of floors for 2007/2008 shows that each shire district council will receive an increase in cash terms of 2.7%.

Gedling has received amounts in line with those detailed last year as part of the multi-year settlement, the have been very minor adjustments, and therefore an effective increase in grant of 5.8% for 2007/2008 has been achieved.

There have been no significant changes at district level in respect of new or removed burdens.

The base increase Gedling's cash amount has increased from £8.215m for 2006/2007 to £8.668m in 2007/2008 or 5.2%. However, scaling back increases for those authorities above the floor has funded the floor increases for district councils. This has had the impact of reducing Gedling's grant amount by £0.160m in 2007/2008.

6. **RECOMMENDATAION**

Members are recommended to note the report and consider if they wish to make a response to the settlement consultation.