



COMMON COUNCIL

ADDENDUM CITY FUND 2024/25

8. FINANCE COMMITTEE

(A) City Fund 2024/25 Budget Report and Medium Term Financial Strategy

REVISED – Appendix B (Pages 3 – 7)

APPENDIX I (Pages 9 – 18)

IAN THOMAS CBE,
Town Clerk & Chief Executive.

Determination of the Council Tax Requirement

- The 1992 Act prescribes detailed calculations that the City, as billing authority, has to make to determine Council Tax amounts. The four steps are shown below. Although the process is somewhat laborious, it is a legislative requirement that these separate amounts be formally determined by resolutions of the Court of Common Council.
- After allowing for a proposed contribution to reserves, the final City Fund Council Tax requirement for 2023/24 is £9.0m. In accordance with the provisions in the Localism Act 2011, the Council Tax requirement allows for the Formula Grant, the City Offset, the City's Rate Premium and the estimated surplus on the Collection Fund at 31 March 2024.
- The City's proposed Council Tax for 2024/25 at band D would be £1,051.62 before adding the Greater London Authority (GLA) precept, and inclusive of a 2.99% general increase and 2% increase for the Adult Social Care precept. To determine the City's Council Tax for each property band, nationally fixed proportions are applied to the average band D property.
- The GLA's 'provisional' precept for 2024/25 is £166.27 for a Band D property. This excludes the Metropolitan Police requirement and represents an increase of £24.26p compared with 2023/24.
- The total amounts of Council Tax for each category must be set by the City before 11th March. The proposed amounts are shown below.

Council Tax per Property Band: calculated by applying nationally fixed proportions from Band D.								
	£							
	A	B	C	D	E	F	G	H
Proportion	6	7	8	9	11	13	15	18
CoL	701.08	817.93	934.77	1,051.62	1,285.31	1,519.01	1,752.70	2,103.24
GLA	110.85	129.32	147.80	166.27	203.22	240.17	277.12	332.54
Total	811.93	947.25	1,082.57	1,217.89	1,488.53	1,759.18	2,029.82	2,435.78

- It is anticipated that the City's total Council Tax will remain one of the lowest in London. The Court of Common Council will be requested to formally determine that the relevant (net of local precepts and levies) basic amount of Council Tax for 2023/24 will not be excessive in relation to the new referendum requirements for any council tax increases.

Temple Precepts		
	2023/24	2024/25
	£	£
Inner Temple	220,281	210,838
Middle Temple	156,142	153,583
Total	376,424	364,421

Calculating Council Tax

Step One ('B1')

This requires calculation of the basic amount of Council Tax for a Band D dwelling for the whole of the City's area by applying the formula:

$$'B1' = \frac{R}{T}$$

Where

'B1' is the Basic Amount 'One':

R is the amount calculated by the authority as its council tax requirement for the year;

T is the amount which is calculated by the authority as its Council Tax base for the year. This amount was approved by the Chamberlain under the delegated authority of the City of London together with the Council Tax bases for each part of the City's area.

The above calculation is as follows:

$$'B1' = \frac{\pounds 9,015,033.48}{8,572.52}$$

$$'B1' = \pounds 1,051.62$$

Note: Item R consists of the following components:

	£	£
City Fund Net Budget Requirement		201,880,416
Less:		
Business Rates Retention	(54,279,000)	
Government Grant Funding	(9,123,600)	
Police Grant	(85,406,497)	
City's Offset	(12,765,000)	
Estimated Non-Domestic Rate Premium	(31,340,503)	
Estimated Collection Fund Deficit as at 31 March 2024 (City's share)	49,217	(192,865,383)
TOTAL COUNCIL TAX REQUIREMENT ®		9,015,033

Step Two ('B2')

This calculation is for the basic amount of tax for the area of the City excluding special items. The prescribed formula is:

$$'B2' = 'B1' - \frac{A}{T}$$

Where:

'B2' is the Basic Amount 'Two';

'B1' is the Basic Amount of Council Tax (Basic Amount 'One')
NB included with 'B1' is the aggregate of special items

A is the Aggregate of all special items;

T is the Council Tax base for the whole area

The above calculation is as follows:

$$'B2' = \frac{\pounds 1,051.62 - \pounds 20,536,420.20}{8,572.52}$$

$$'B2' = \pounds 1,343.99 \text{ CR}$$

Note: Item A consists of the following components:

	£	£
Highways Net Expenditure	8,927,000.00	
Street Cleansing	5,950,000.00	
Waste Collection	2,817,000.00	
Waste Disposal	1,621,000.00	
Road Safety	332,000.00	
Drains and Sewers	525,000.00	
Total City's Special Expenses		20,172,000.00
Inner Temple's Precept	210,837.64	
Middle Temple's Precept	153,582.56	364,420.20
Total Special Items		<u>20,536,420.20</u>

Step Three 'B3'

The next calculation is for the basic amount of each of the three parts of the City (the Inner and the Middle Temples and the remainder of the City area) to which special items relate (Basic Amount 'Three'). The calculations for each of the areas are as follows:

$$'B3' = 'B2' + \frac{S}{TP}$$

Where:

'B3' is the Basic Amount 'Three'

'B2' is the Basic Amount 'Two'

- S is the amount of the special items for the part of the area
- TP is the billing authority's Tax base for the part of the area to which the special items relate as determined by the Chamberlain under the delegated authority of the City of London Finance Committee.

City Area Excluding the Temples

$$\text{'B3'} = \text{£1,343.99 CR} + \frac{\text{£20,172,000}}{8,420.40}$$

$$\text{'B3'} = \text{£1,051.62}$$

Inner Temple

$$\text{'B3'} = \text{£1,343.99 CR} + \frac{\text{£210,837.64}}{88.01}$$

$$\text{'B3'} = \text{£1,051.62}$$

Middle Temple

$$\text{'B3'} = \text{£1,343.99 CR} + \frac{\text{£153,582.56}}{64.11}$$

$$\text{'B3'} = \text{£1,051.62}$$

Step Four

Finally, Council Tax amounts have to be calculated for each valuation band (A to H) in each of the three areas (i.e. 24 Council Tax categories). The formula to be used is:

$$\text{Council Tax for particular category} = A \times \frac{N}{D}$$

- A is the Basic Amount 'Three' ('B3') calculated for each part of its area;
- N is the proportion applicable to dwellings listed in the particular valuation Band for which the calculation is being made;
- D is the proportion applicable to dwellings listed in valuation Band D.

Council Tax per Property Band: calculated by applying nationally fixed proportions from Band D.								
	£							
	A	B	C	D	E	F	G	H
Proportion	6	7	8	9	11	13	15	18
CoL	701.08	817.93	934.77	1,051.62	1,285.31	1,519.01	1,752.70	2,103.24
GLA	110.85	129.32	147.80	166.27	203.22	240.17	277.12	332.54
Total	811.93	947.25	1,082.57	1,217.89	1,488.53	1,759.18	2,029.82	2,435.78

This page is intentionally left blank

City Fund 2024/25 Budget Report and Medium-Term Financial Strategy including Non Domestic Rates and Council Taxes for the Year 2024/25

Resolution by the Court of Common Council

1. It is recommended that for the 2024/25 financial year the Court of Common Council approves:
 - the Premium multiplier on the Non-Domestic Rate and Small Business Rate multipliers be set at 0.018 (an increase of 0.004 on the present multiplier) to enable the City to continue to support the City of London Police, security and contingency planning activity within the Square Mile at an enhanced level;
 - an increase of 4.99% in the ‘relevant basic amount’ of Council Tax to £1,051.62 based on a 2.99% general increase and a 2% increase for Adult Social Care for a Band D property (excluding the GLA precept);
 - the overall financial framework and the revised Medium-Term Financial Strategy for the City Fund; and
 - the City Fund Net Budget Requirement of £201,880,416

Council Tax

2. It should be noted that in 2012 the Finance Committee delegated the calculation of the Council Tax Base to the Chamberlain and the Chamberlain has calculated the following amounts for the year 2024/25 in accordance with Section 31B of the Local Government Finance Act 1992:
 - (a) 8,572.52 being the amount calculated by the Chamberlain (as delegated by the Finance Committee), in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as the City’s Council Tax Base for the year; this amount includes a calculation of the amount of council tax reduction; and
 - (b) Parts of Common Council’s Area

Inner Temple	Middle Temple	City excl. Temples (special expense area)
88.01	64.11	8,420.40

being the amounts calculated by the Chamberlain, in accordance with the Regulations, as the amounts of the City’s Council Tax Base for the year for dwellings in those parts of its area to which the special items relate.

3. For the year 2024/25 the Common Council determines, in accordance with Section 35(2)(d) of the Local Government Finance Act 1992, that any expenses incurred by the Common Council in performing in a part of its area a function performed elsewhere in its area by the Sub-Treasurer of the Inner Temple and the

Under Treasurer of the Middle Temple shall not be treated as special expenses, apart from the amount of £20,172,000 being the expenses incurred by the Common Council in performing in the area of the Common Council of the City of London the City highways, street cleansing, waste collection and disposal, road safety, drains and sewer functions.

4. That the following amounts be now calculated by the Common Council for the year 2024/25 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:

- | | |
|------------------|--|
| (a) £603,799,000 | Being the aggregate of the amounts which the Common Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act, including the local precepts issued by the Inner and Middle Temples |
| (b) £594,783,967 | Being the aggregate of the amounts which the Common Council estimates for the items set out in Section 31A(3) (a) to (d) of the Act; |
| (c) £9,015,033 | Being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Common Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year; |
| (d) £1,051.62 | Being the amount of 4(c) above, divided by the amount at 2(a) above, calculated by the Common Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year; |
| (e) £20,536,420 | Being the aggregate amount of all special items referred to in Section 34(1) of the Act, including the local precepts issued by the Inner and Middle Temples; |
| (f) £1,343.99 | Being the amount at 4(d) above less the result given by dividing the amount at 4(e) above by the amount at 2(a) above, calculated by the Common Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those |

parts of its area to which no special item relates.

(g) Parts of Common Council's Area

Inner Temple	Middle Temple	City excl. Temples (special expense area)
£	£	£
1,051.62	1,051.62	1,051.62

being the amounts given by adding to the amount at 4(f) above the amounts of the special item or items relating to dwellings in those parts of the Common Council's area mentioned above divided in each case by the amount at 2(b) above, calculated by the Common Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one of the special items relate; and

(h) Council Tax Valuation Bands

Valuation Bands	Inner Temple	Middle Temple	City excluding Temples (special expense area)
	£	£	£
A	701.08	701.08	701.08
B	817.93	817.93	817.93
C	934.77	934.77	934.77
D	1,051.62	1,051.62	1,051.62
E	1,285.31	1,285.31	1,285.31
F	1,519.01	1,519.01	1,519.01
G	1,752.70	1,752.70	1,752.70
H	2,103.24	2,103.24	2,103.24

being the amounts given by multiplying the amounts at 4(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which, in that proportion, is applicable to dwellings listed in valuation band D, calculated by the Common Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

5. It be noted that for the year 2024/25 the Greater London Authority has proposed the following amounts in precepts issued to the Common Council, in accordance

with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

<u>Valuation Bands</u>	<u>Precepting Authority</u>
	Greater London Authority
	£
A	110.85
B	129.32
C	147.80
D	166.27
E	203.22
F	240.17
G	277.12
H	332.54

6. Having calculated the aggregate in each case of the amounts at 4(h) and 5 above, the Common Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby proposes the following amounts as the amounts of Council Tax for the year 2024/25 for each of the categories of dwelling as shown below:

Council Tax Valuation Bands Inclusive of GLA Precept

Valuation Bands	Inner Temple	Middle Temple	City excluding Temples (special expense)
	£	£	£
A	811.93	811.93	811.93
B	947.25	947.25	947.25
C	1,082.57	1,082.57	1,082.57
D	1,217.89	1,217.89	1,217.89
E	1,488.53	1,488.53	1,488.53
F	1,759.18	1,759.18	1,759.18
G	2,029.82	2,029.82	2,029.82
H	2,435.78	2,435.78	2,435.78

7. The Common Council of the City of London hereby determines that the following amounts of discount be awarded:
- i. dwellings in Class B as defined in the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 prescribed by the Secretary of State

- under the provisions of Section 11A of the Local Government Finance Act 1992 should be nil;
- ii. dwellings in Class C as defined in the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 prescribed by the Secretary of State under the provisions of Section 11A of the Local Government Finance Act 1992:
 - (a) in the case of a vacant dwelling that has been such for a continuous period of less than 6 months ending immediately before the day in question: should be nil;
 - (b) in the case of a vacant dwelling that has been such for a continuous period of 6 months or more: should be nil;
 - iii. dwellings in Class D as defined in the Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003 prescribed by the Secretary of State under the provisions of Section 11A of the Local Government Finance Act 1992 should be nil;
 - iv. care leavers within the City up to the age of 25, under Section 13A(1)(c) of the Local Government Finance Act 1992 subject to liability considerations should be 100%; and
 - v. discretionary discounts up to 100% under Section 13A(1)(c) of the Local Government Finance Act 1992 to provide council tax support in exceptional circumstances as agreed by the Finance Committee at its meeting in November 2017.
8. The Common Council of the City of London determines that for 2024/25 a long-term empty property premium is levied under the provisions of Section 11B of the Local Government Finance Act 1992 at the maximum rate in accordance with legislation. (For 2024/25 this will result in an additional levy of 100% i.e. a council tax charge of 200% for applicable vacant dwellings empty over 2 years but empty less than 5 years. An additional levy of 200% i.e. a council tax charge of 300% will be applicable for dwellings empty over 5 years. An additional levy of 300% i.e. a council tax charge of 400% will be applicable for dwellings empty over 10 years)
 9. Under the provisions set out in the Levelling-up and Regeneration Act 2023 determine that a new long-term empty property premium of 100% be charged for properties that have been empty for longer than 12 months in 2024/25.
 10. Determine that a Second Home Premium is introduced in 2025/26. 12 months' notice is required to introduce this additional charge. Under the provisions set out in the Levelling-Up and Regeneration Act 2023 it is necessary to give 12 months notice of an intention to charge this premium.
 11. The Common Council of the City of London hereby determines that its relevant basic amount of council tax for 2024/25, calculated in accordance with Section 52ZX of the Local Government Finance Act 1992 is not excessive in accordance with the Referendums Relating to Council Tax Increases (Principles) (England) Report 2023/24.

Council Tax Reduction (formerly Council Tax Benefit)

12. It be noted that at the Court of Common Council meeting in January 2017 Members approved the Council Tax Reduction Scheme for 2017/18 and future years to be the same as the scheme for 2016/17. There were no proposals to make any specific amendments to the Council Tax Reduction Scheme for that or future years, beyond keeping the scheme in line with Housing Benefit.

Effectively, therefore, the City's Local Council Tax Reduction Scheme for 2024/25 will remain the same subject to the annual uprating of non-dependent income and deductions, and income levels relating to Alternative Council Tax Reduction, or any other uprating as it applies to working age claimants, adjusted in line with inflation levels by reference to relevant annual uprating in the Housing Benefit Scheme or The Prescribed Council Tax Reduction Scheme for Pensioners.

Non Domestic Rates

13. The Common Council of the City of London being a special authority in accordance with Section 144(6) of the Local Government Finance Act 1988 hereby sets for the chargeable financial year beginning with 1st April 2024, a Non-Domestic Rating Multiplier of 0.564 and a Small Business Non-Domestic Rating Multiplier of 0.517 in accordance with Part II of the Schedule 7 of the said Act. (Both multipliers are inclusive of the City business rate premium of 0.018).
14. Determine that an award of 100% Discretionary Discount is made under S47 Local Government Finance Act for qualifying Nursery Schools. In addition, the levying by the Greater London Authority of a Business Rate Supplement in 2023/24 of 0.020 (i.e. 2.0p in the £) on hereditaments with a rateable value greater than £75,000, to finance its contribution to Crossrail, be noted.
15. A copy of the said Council Taxes and the Non-Domestic Rating Multipliers, signed by the Town Clerk, be deposited in the offices of the Town Clerk in the said City, and advertised within 21 days from the date of the Court's decision, in at least one newspaper circulating in the area of the Common Council.

Capital Expenditure and Financing for the Year 2024/25

Having considered the circulated report, we further recommend that the Court passes a resolution in the following terms: -

16. The City Fund capital budget is approved, and its final financing be determined by the Chamberlain, apart from in regard to any possible borrowing options.
17. For the purpose of Section 3(1) of the Local Government Act 2003, for the financial years 2024/25 to 2026/27, the Court of Common Council hereby determines that at this stage the amount of money (referred to as the "Authorised Limit"), which is the maximum amount which the City may have outstanding by way of external borrowing, shall be £432,800,000.

18. For the purpose of Section 21(A) of the Local Government Act 2003, for the financial year 2024/25, the Court of Common Council hereby determines that the prudent amount of Minimum Revenue Provision is £1,400,000 using the asset life method over the useful economic life of the relevant assets and which equals the amount of deferred income released from the premiums received for the sale of long leases in accordance with the Minimum Revenue Provision Policy at Appendix E.
19. Any potential external borrowing requirement and associated implications will be subject to a further report to Finance Committee and the Court of Common Council.
20. The Chamberlain be authorised to lend surplus monies on the basis set out in the Annual Investment Strategy, with an absolute limit of £300m for maturities in excess of 365 days.
21. The following Prudential Indicators be set:

	2024/45	2025/26	2026/27
Estimates of the ratio of financing costs to net revenue stream:			
HRA	(0.32)	(0.49)	(0.42)
Non-HRA	(0.02)	(0.08)	(0.10)
Total	(0.34)	(0.57)	(0.52)
Estimates of Capital Expenditure & External Debt	£m	£m	£m
HRA	66.3	31.8	10.0
Non-HRA	327.3	394.6	133.7
Total	393.6	426.4	143.7
Estimates of Capital Financing Requirement – underlying need to borrow	£m	£m	£m
HRA	14.6	5.8	2.2
Non-HRA	305.6	339.7	356.8
Total	320.2	345.5	359.0
Gross Debt	Period 2023/24 to 2026/27 £m 12.5		
Capital Financing Requirement – underlying need to borrow	359.0		

Prudential indicators for affordability, prudence, capital expenditure and external debt:

TREASURY MANAGEMENT INDICATORS	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Probable Outturn	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
Authorised Limit for external debt (City Fund) -					
Borrowing	190.4	250.3	420.2	445.5	459.0
other long-term liabilities	12.8	12.7	12.6	12.5	12.4
TOTAL	203.2	263.0	432.8	458.0	471.4
Operational Boundary for external debt (City Fund) -					
Borrowing	90.4	150.3	320.2	345.5	359.0
other long-term liabilities	12.8	12.7	12.6	12.5	12.4

TOTAL	103.2	163.0	332.8	358.0	371.4
Actual external debt (City Fund)*	0	0	-	-	-
Upper limit for total principal sums invested for over 365 days (per maturity date)	£300m	£300m	£300m	£300m	£300m

Maturity structure of borrowing during 2024/25	upper limit	lower limit
- under 12 months	50%	0%
- 12 months and within 24 months	50%	0%
- 24 months and within 5 years	50%	0%
- 5 years and within 10 years	75%	0%
- 10 years and above	100%	0%

	2023/24	2024/25	2025/26	2026/27
Times cover on unencumbered revenue reserves	2.1	1.1	0.0	-0.9
<i>At this time last year</i>	3.0	-0.8	-1.2	0.0

Other Recommendations

22. The Treasury Management Strategy Statement and Annual Investment Strategy 2024/25 are endorsed.
23. The Chamberlain's assessment of the robustness of budgets and the adequacy of reserves and contingencies is endorsed.

This page is intentionally left blank