

City Fund 2019/20 Budget Report and Medium Term Financial Strategy including Non Domestic Rates and Council Taxes for the Year 2019/20

Resolution by the Court of Common Council

1. It is recommended that for the 2019/20 financial year the Court of Common Council approves;
 - the Premium multiplier on the Non-Domestic Rate and Small Business Rate multipliers be set at 0.006 (an increase of 0.001 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 of £894.28 includes 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 £153,884,727

Council Tax

2. It 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 2019/20 in accordance with Section 31B of the Local Government Finance Act 1992:
 - (a) 7,785.03 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)
83.15	65.45	7,636.43

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 2019/20 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 £19,191,000 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 2019/20 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:

- | | |
|--------------------|--|
| (a) £412,552,000 | 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) £405,590,003 | 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) 6,961,997 | 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) £894.28 | 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) £19,564,445.17 | 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) £1,618.81 | 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)
£	£	£
894.28	894.28	894.28

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	596.19	596.19	596.19
B	695.55	695.55	695.55
C	794.92	794.92	794.92
D	894.28	894.28	894.28
E	1,093.01	1,093.01	1,093.01
F	1,291.73	1,291.73	1,291.73
G	1,490.47	1,490.47	1,490.47
H	1,788.56	1,788.56	1,788.56

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 2019/20 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:

Valuation Bands Precepting Authority

Greater London
Authority

	£
A	52.25
B	60.96
C	69.67
D	78.38
E	95.80
F	113.22
G	130.63
H	156.76

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 2019/20 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	648.44	648.44	648.44
B	756.51	756.51	756.51
C	864.59	864.59	864.59
D	972.66	972.66	972.66
E	1,188.81	1,188.81	1,188.81
F	1,404.95	1,404.95	1,404.95
G	1,621.10	1,621.10	1,621.10
H	1,945.32	1,945.32	1,945.32

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 2019/20 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 2019/20 this will result in an additional levy of 100% i.e. a council tax charge of 200% for applicable vacant dwellings).
9. The Common Council of the City of London hereby determines that its relevant basic amount of council tax for 2019/20, 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 2019/20.

Council Tax Reduction (formerly Council Tax Benefit)

10. 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 2019/20 will remain the same as was administered in 2016/17, 2017/18 and 2018/19 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

11. 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 2019, a Non-Domestic Rating Multiplier of 0.510 and a Small Business Non-Domestic Rating Multiplier of 0.497 in accordance with Part II of the Schedule 7 of the said Act. (Both multipliers are inclusive of the City business rate premium of 0.006).
12. In addition, the levying by the Greater London Authority of a Business Rate Supplement in 2019/20 of 0.020 (i.e. 2.0p in the £) on hereditaments with a rateable value greater than £70,000, to finance its contribution to Crossrail, be noted.
13. 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 2019/20

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

14. 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.
15. For the purpose of Section 3(1) of the Local Government Act 2003, for the financial years 2019/20 to 2021/22, 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 £513,379,000.
16. For the purpose of Section 21(A) of the Local Government Act 2003, for the financial year 2019/20, the Court of Common Council hereby determines that the prudent amount of Minimum Revenue Provision is £1,152,000 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 F.
17. Any potential external borrowing requirement and associated implications will be subject to a further report to Finance Committee and the Court of Common Council.
18. 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 364 days.
19. The following Prudential Indicators be set:

	2018/19	2019/20	2020/21
Estimates of the ratio of financing costs to net revenue stream:			
HRA	0.61	0.68	0.71
Non-HRA	(0.09)	(0.39)	(0.45)
Total	(0.04)	(0.30)	(0.35)
Estimates of Capital Expenditure & External Debt	£m	£m	£m
HRA	24.161	37.142	45.540
Non-HRA	92.961	173.903	137.684
Total	117.122	211.045	183.224
Estimates of Capital Financing Requirement – underlying need to borrow	£m	£m	£m
HRA	3.141	9.460	9.279
Non-HRA	43.804	117.830	215.361
Total	46.945	127.920	224.637
Net borrowing/(Net investments)	Period 2018/19 to 2021/22		
	£m		
	286.498		
Capital financing requirement – underlying need to borrow	399.843		

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

TREASURY MANAGEMENT INDICATORS	2017/18	2018/19	2019/20	2020/21	2021/22
	actual	probable outturn	estimate	estimate	estimate
	£'000	£'000	£'000	£'000	£'000
Authorised Limit for external debt -					
Borrowing	-	146,945	227,290	324,637	499,843
other long-term liabilities	14,006	13,888	13,770	13,653	13,536
TOTAL	14,006	160,833	241,060	338,290	513,379
Operational Boundary for external debt -					
Borrowing	-	46,945	127,290	224,637	399,843
other long-term liabilities	14,006	13,888	13,770	13,653	13,536
TOTAL	14,006	60,833	141,060	238,290	413,379

TREASURY MANAGEMENT INDICATORS	2017/18	2018/19	2019/20	2020/21	2021/22
Actual external debt*	£0	£0	-	-	-
Upper limit for total principal sums invested for over 365 days (per maturity date)	£200m	£300m	£300m	£300m	£300m

Maturity structure of borrowing during 2019/20	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%

Local Indicator focusing on revenue reserves:

	2018/19	2019/20	2020/21	2021/22
Times cover on unencumbered revenue reserves	2.7	(3.8)	N/a	N/a
<i>At this time last year</i>	(4.3)	15.2	0.1	-

Other Recommendations

20. The Treasury Management Strategy Statement and Annual Investment Strategy 2019/20 are endorsed.
21. The Chamberlain's assessment of the robustness of budgets and the adequacy of reserves and contingencies is endorsed.