

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 £8.9m. 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 2023.
- The City's proposed Council Tax for 2023/24 at band D would be £1,003.62, 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 2023/24 is £142.01 for a Band D property. This excludes the Metropolitan Police requirement and represents an increase of £23.55p compared with 2022/23.
- 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	669.08	780.59	892.11	1,003.62	1,226.65	1,449.67	1,672.70	2,007.24
GLA	94.67	110.45	126.23	142.01	173.57	205.13	236.68	284.02
Total	763.75	891.04	1,018.34	1,145.63	1,400.22	1,654.80	1,909.38	2,291.26

- 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		
	2022/23	2023/24
	£	£
Inner Temple	196,139	220,281
Middle Temple	141,886	156,142
Total	338,025	376,424

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:

$$'B1' = \frac{\pounds 8,895,033.88}{8,862.95}$$

$$'B1' = \pounds 1,003.62$$

Note: Item R consists of the following components:

	£	£
City Fund Net Budget Requirement		185,732,138
Less:		
Business Rates Retention	(49,779,000)	
Government Grant Funding	(9,072,676)	
Police Grant	(76,705,382)	
City's Offset	(12,515,000)	
Estimated Non-Domestic Rate Premium (Net)	(27,960,717)	
Estimated Collection Fund Surplus as at 31 March 2023 (City's share)	(804,329)	(175,837,104)
TOTAL COUNCIL TAX REQUIREMENT ®		8,895,034

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:

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

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:

$$\text{'B2'} = \text{£1,003.62} - \frac{\text{£22,050,423.81}}{8,862.95}$$

$$\text{'B2'} = \text{£1,484.31 CR}$$

Note: Item A consists of the following components:

	£	£
Highways Net Expenditure	10,738,000.00	
Street Cleansing	6,612,000.00	
Waste Collection	2,258,000.00	
Waste Disposal	1,224,000.00	
Road Safety	342,000.00	
Drains and Sewers	500,000.00	
Total City's Special Expenses		21,674,000.00
Inner Temple's Precept	220,281.32	
Middle Temple's Precept	156,142.49	376,423.81
Total Special Items		<u>22,050,423.81</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:

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

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

$$\text{'B3'} = \text{£1,484.31 CR} + \frac{\text{£21,674,000}}{8,711.65}$$

$$\text{'B3'} = \text{£1,003.62}$$

Inner Temple

$$\text{'B3'} = \text{£1,484.31 CR} + \frac{\text{£220,281.32}}{88.54}$$

$$\text{'B3'} = \text{£1,003.62}$$

Middle Temple

$$\text{'B3'} = \text{£1,484.31 CR} + \frac{\text{£156,142.49}}{62.76}$$

$$\text{'B3'} = \text{£1,003.62}$$

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.

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