

<b>Committee:</b> Resources, Risk and Estates Committee Finance Committee Police Authority Board	<b>Dated:</b> 20 <sup>th</sup> May 2024 4 <sup>th</sup> June 2024 5 <sup>th</sup> June 2024
<b>Subject:</b> Business Rate Premium	<b>Public</b>
<b>Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?</b>	All
<b>Does this proposal require extra revenue and/or capital spending?</b>	<b>N</b>
<b>If so, how much?</b>	<b>N/A</b>
<b>What is the source of Funding?</b>	<b>N/A</b>
<b>Has this Funding Source been agreed with the Chamberlain's Department?</b>	<b>N/A</b>
<b>Report of:</b> Chief Financial Officer and Chamberlain Commissioner, City of London Police	<b>For Information</b>
<b>Report author:</b> Daniel Peattie, Assistant Director, Strategic Finance	

## Summary

This report sets out the current year medium term forecast of Business Rates Premium income (based on current rates) and how this is allocated between the City of London Police and the City of London Corporation. It aims to provide transparency on the allocation of BRP with proposed future arrangements.

## Recommendation

Members are asked to:

- Note the report.

## Main Report

### Background

1. The Local Government Finance Act 1988 replaced the Locally Determined Non Domestic Rate with a National Non-Domestic Rate (NNDR) set by the Government. In addition to the NNDR, there is a discounted rate for small businesses known as the Small Business Non-Domestic Rate (SBNDR). Because of its special circumstances, notably its very small resident population and high daytime population, the Common Council of the City of London is allowed uniquely to set its own rate, or multiplier via the business rates premium, and retain part of the proceeds to help pay for the services it provides. It may set this rate, subject to certain constraints, at a higher or lower level than the rate which applies outside the City of London. The City

sets the multipliers for each financial year according to formulae set by legislation.

## Current Position

2. In 2023/24 the City of London set a non-domestic rating multiplier of 0.526 (52.4p in the £) and a small business non-domestic rating multiplier of 0.513 (51.3p in the £). This comprises the NNDR and SBNDR multipliers of 0.512 and 0.499 respectively, plus a premium of 1.4p in the £ to provide additional funding to enable the City Corporation to continue to support Police, security, resilience and contingency planning at an enhanced level.
3. The Annual Business Rate Payers consultation took place on 30th January 2024, where the Chairman of Policy and Chairman of Finance, alongside the Commissioner presented a compelling narrative to ratepayers and residents in support of an increase in Business Rate Premium. The responses from those that attended did not push back on the proposals. The Court of Common Council met on 7th March and approved the increase in 2024/25 of £0.04p in the £ raising up to c£8.1m pa in BRP.
4. The City Corporation currently restricts the use of BRP proceeds to fund security activity within the City, which means around 90% of these funds are directed toward the City of London Police (CoLP), with the remaining amount funding security spend within the local authority remit including cost of security officers, security system, CCTV and mobile patrols.
5. The table below sets out the estimated BRP and shows how this is allocated across all areas. It should be noted that these figures include the following assumptions:
  - The future intake assumes 15% relief allowance for non-collection of income which is based on average collection rates. The rate can range between 6% and 26%.
  - No further increase to the BRP has been factored in after 2024/25 therefore rate stays fixed at 1.8p in the £

	CoLP	Secure	Contact	CoLP	Total	PAB	CoLC	New St	Loan	Total	p in £	Intake	Variance
	Baseline	City	Centre	Increase	CoLP	2022			Repayment				
	Note I	Note II	Note III	Note IV		Note V	Note VI	Note VII	Note VIII				
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		£m	
22/23	20.9		0.7		21.6	1	1.6	-		24.2	1.2	28.10	3.90
23/24	27.5		0.7		28.2	1	2.7	-		31.9	1.4	30.70	1.16
24/25	25.3	1	0.7	2.6	29.6	1	2.7	2.1	0.5	35.9	1.8	38.90	3.03
25/26	27.3	1	0.7	2.2	31.2	1	2.7	2.2	0.5	37.7	1.8	38.90	1.22
26/27	27.3	1	0.7	4.3	33.3	1	2.8	2.3	1	40.4	1.8	38.90	1.48
27/28	27.3	1	0.7	6.6	35.6	1	2.8	2.3	1	42.7	1.8	38.90	3.84
<b>Total</b>							<b>15.32</b>	<b>8.92</b>	<b>3.00</b>				<b>1.66</b>

## Notes

- I. CoLP Baseline – baseline created from the 0.4p increase in BRP in April 2022 as it was allocated to balance the Police MTFP at that point.
- II. Secure City: - from 24/25 the CoLP will take ownership of the Secure City Programme and £1m per annum has been provided towards increased run costs.
- III. Contact Centre: - £0.7m per annum funding was transferred from Corporation to CoLP in 2019 to take over the operation of this service from CoLC.
- IV. CoLP Increase: - This is the annual gap each year after taking account of all pressures and mitigations currently identified, which is funded via increase in BRP allocation to the Police. The requirement for such levels of BRP has been supported by analyses of local police funding %s compared to other (particularly South East) forces – after adjusting for the benefit to CoLP of rent-free accommodation and the Precept Grant received from Home Office in lieu of CoLP's inability to Precept.
- V. £1m per annum allocated to Police Authority Board
- VI. CoLC: - Costs incurred by the City of London including security officers, CCTV, security systems and mobile patrols. This will be monitored annually to ensure increased costs are being picked up. The current figures are based on the 22/23 actual which have been inflated year on year.
- VII. New Street: - Rent of New Street occupied by the City of London Police to be funded from BRP, approved by Court of Common Council on 7<sup>th</sup> March 2024 under City Fund 2024/25 budget and MTFP report.
- VIII. Loan repayment: - This is to assist with faster repayment of internal (City Fund) loans to CoLP since 2020 for capital financing priorities.

During 2023/24 the CoLP cleared the remaining balance on the Action Fraud Loan (£2m) and ULEZ vehicle replacement (£532k) by using reserves. The decision to accelerate the repayment of these loans was documented within the CoLP's 24/25 Revenue and Capital Budget report.

6. BRP for 2023/24 is estimated to be £30.7m of which £28.2m has been allocated to the CoLP and £2.7m has been retained by the City of London for security purposes (with the difference balanced through reserves). The BRP for 2024/25, current rate of 1.8p in the £ fully balances the Police Medium term financial plan as it stands and also allows for a small amount of fast tracking of loan repayments as well as providing for New Street and increase in security costs within the City of London.
7. Based on the assumptions above, there will be a surplus of £1.66m over the period which will be transferred into reserves with surpluses / deficits smoothed out over time.

## Implications

8. Financial implications – based on the assumptions above, the 1.8p in the £ fully balances the police MTFP and the City's security costs however this will need to be monitored to ensure we are picking up the latest costs. Key risks include unfunded

increases in officer and staff salaries -particularly as a result of continuing Met increases in London Weighting for Officers and Ambition 25 for staff and adverse outcomes from Spending Review 2025 for CoLP's local and / or national roles. Key opportunities include increased core funding as part of the 2025 Spending Review (not currently assumed in the MTFP), increased national funding and smaller and regular increases in BRP as well as a continuing to drive out savings / mitigation opportunities.

## **Conclusion**

9. The Police MTFP as it stands, and the City of London's security costs are fully balanced by the current BRP however this will be monitored as identified in the paragraph above.

## **Appendices**

None

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