

Context

Consumer Price Index (CPI) has reduced from 4.2% in Dec 2023, to 3.5% in Dec 2024.

The Bank of England (BoE) base rate has reduced from 5.25% in Dec 2023 to 4.75% in Dec 2024.

The staff pay award at 4% in 2024.

£63m We have set aside £63m from the City Fund for the Circular Works Programme

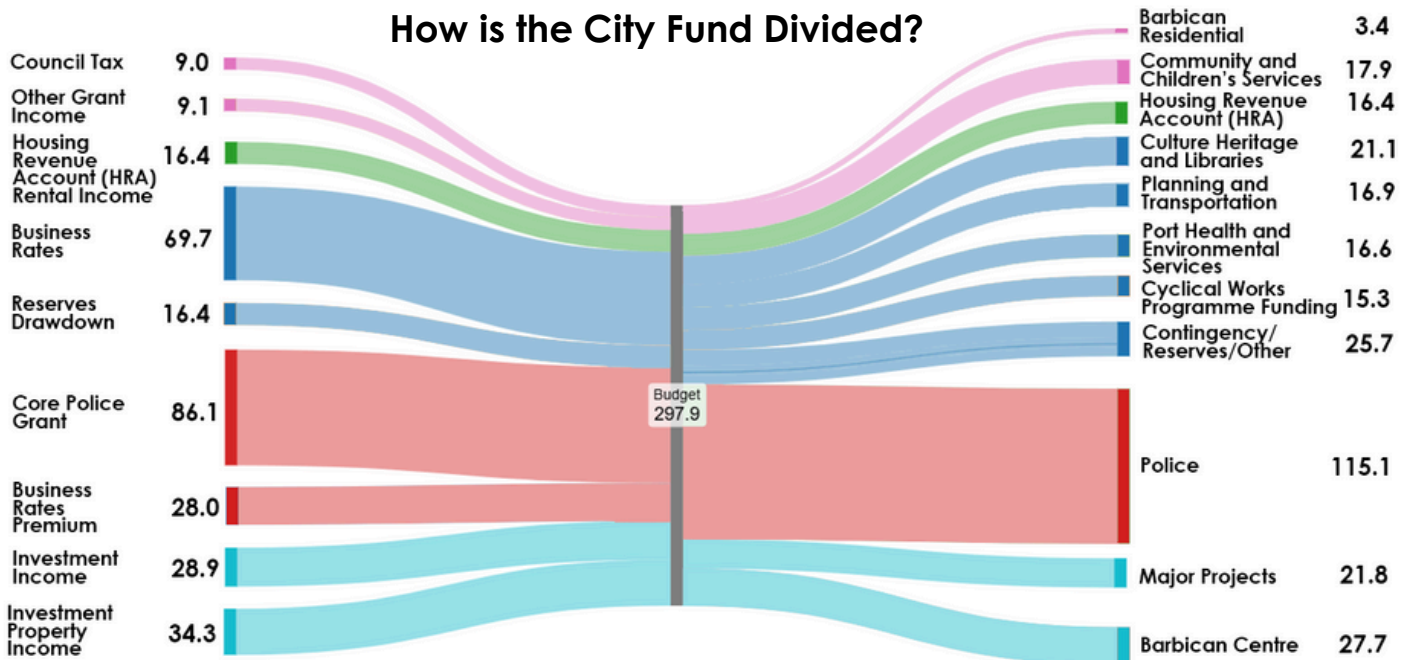
There are cost pressures, with the national position worsening for local authorities since 2020.

There are employer pressures associated with the October budget.

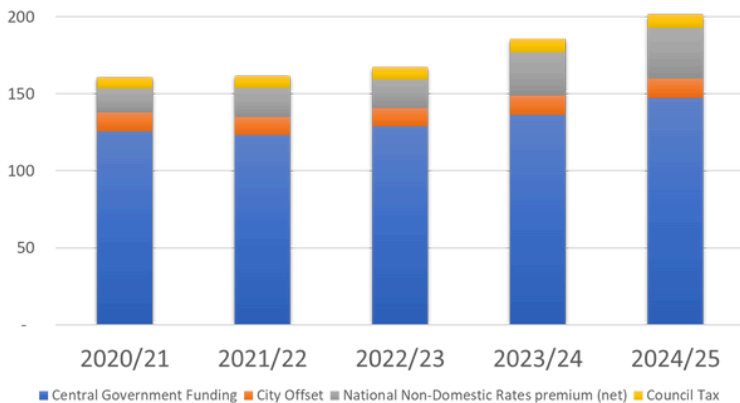
Local authority funding has increased, but allocated based on deprivation, meaning the City sees the lowest increase in London.

Future intentions of multi-year settlement and wider funding reform are as yet unclear.

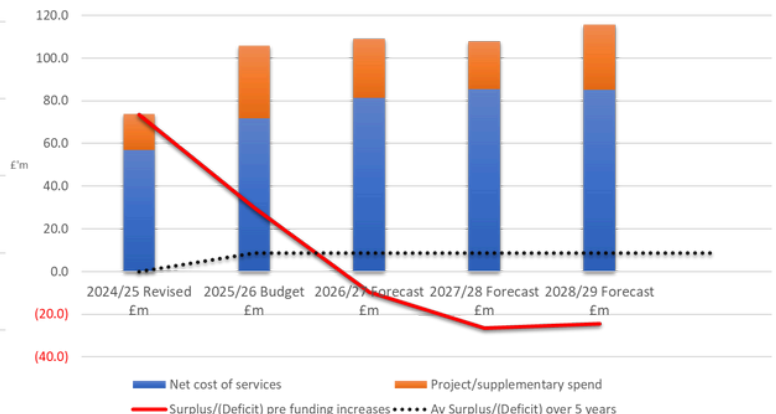
How is the City Fund Divided?



Where does City funding come from?



City Fund - if no change:



Proposals and Responses

- Continued action to balance budget across 5-year period
 - Ongoing transformation programme
 - Operational Property review
 - ERP Programme
 - Barbican Centre 10 year plan

- Raise income
 - Council Tax + 2.99%
 - Social Care precept +2%
 - Business Rate Premium + 0.4p in the £ (Police and security)
 - Housing Revenue Account (HRA) 2.7%

- Additional year of the '8 authority pool' (7 neighbouring billing authorities)

- Continue move to 20-year outlook but maintain statutory requirements to balance over 5 year medium-term

Pressures

- The City has seen increasing cost pressures in social care and children services of £1.3m p.a., intentions are to levy increase in Council Tax to support children placements and adult social care
- There is a planned reform and redistribution of Business Rates in 2026/27, with potential redistribution of growth built up over 10 years
- There are areas with material maintenance needs, in particular the Barbican Centre
- Additional police funding is required to cover pay, allowances, National Insurance increases and operational pressures
- Investment in Future Police Estate Development
- For the Housing Revenue Account (HRA) there is no meaningful change

Business Rates Update 2025-26

2025/26

- The small business multiplier (rateable value up to £51,000) remains unchanged at **49.9 pence** and the standard multiplier (rateable value over £51,000) will be updated from 54.6 pence to **55.5 pence** for 2025-26
- The **Retail Hospitality and Leisure Relief Scheme** will be extended for a further year but reduced from 75% to 40% (up to a cash cap of £110,000 per business)
- The **Business Rate Premium** increased by 0.4p (Police and Security)
- The **Small Business Rates Relief** will remain unchanged
- Further reliefs may be available but very specific. Find out more at: www.gov.uk/apply-for-business-rate-relief/retail-discount

2026/27

- Three new multipliers proposed have been proposed. This will include two multipliers for Retail, Hospitality and Leisure (higher and lower) and a higher multiplier for properties with a rateable value above £500K.
- Revaluations are likely to be updated every three years thereafter

Council Tax Proposals

- Increase Council Tax by 4.99% (2.99% Council Tax and 2% ASC)
 - This will still be one of the lowest council tax areas in the country (in the bottom quartile)
- The Second Home Premium to be kept at 100%
- We will continue with the maximum Premium permitted for empty properties
- We will continue the means tested Council Tax Support scheme of up to 100% for most vulnerable residents
- The Housing Benefit and Council Tax Benefit support scheme will be changed to disregard War Pension and Armed Forces Compensation Schemes
- We will continue the Local Discretionary discount for Care Leavers aged 18-25