



**City of Durham
Charter Trustees for the City of Durham**

Ref: JM

16 January 2018

To: The Mayor and Members of the
CHARTER TRUSTEES FOR THE CITY OF DURHAM
(Councillors B Kellett, D Bell, E Bell, J Blakey, L Brown,
J Chaplow, K Corrigan, S Dunn, D Freeman, D Hall, A Hopgood,
L Hovvels, B Kellett, C Marshall, E Mavin, L Mavin, M McKeon,
R Ormerod, E Scott, M Simmons, A Simpson, D Stoker, P Taylor,
F Tinsley, J Turnbull, M Wilkes and M Wilson).

Dear Sir/Madam

A Meeting of the **CHARTER TRUSTEES FOR THE CITY OF DURHAM** will be held in Committee Room 1B, County Hall, Durham, on Wednesday 24 January 2018 at 12.00 pm.

Please Note: In the event that Full Council runs beyond 12.00pm, the Charter Trustee meeting will commence immediately following the County Council meeting.

BUSINESS

1. Apologies for Absence
2. Minutes of the meetings held on 6 December 2017 (Pages 3 - 6)
3. Declarations of interest, if any
4. Yearly Approval of Risk Assessment of Governance Arrangements - Report of the Clerk to the Charter Trustees (Pages 7 - 12)
5. Revenue Outturn for the period ending 31 December 2017 and Projected Outturn to 31 March 2018 - Report of the Treasurer (Pages 13 - 16)
6. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration.

Yours faithfully
Clerk

County Hall, Durham, DH1 5UL
Tel: 03000 267202
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CHARTER TRUSTEES FOR THE CITY OF DURHAM

At the **Special Meeting** of the **Charter Trustees for the City of Durham** held in the Committee Room 1B, County Hall, Durham, on Wednesday 6 December 2017 at 12.00 pm

Present: The Right Worshipful the Mayor of Durham, Councillor B Kellett (in the Chair) and Councillors D Bell, J Blakey, J Chaplow, K Corrigan, D Freeman, A Hopgood, R Ormerod, M Simmons, J Turnbull, L Brown, S Dunn, L Hovvels, C Marshall, M McKeon, F Tinsley and M Wilson

Also Present:

Councillor J Lethbridge

1 Apologies for Absence

Apologies for absence were received from Councillors D Hall, C Marshall and P Taylor.

2 Declarations of interest

There were no declarations of interest.

3 Honorary Freedom of Entry to the City - RAF

Charter Trustees considered a report of the Clerk to the Charter Trustees that provided information for the consideration of granting the honorary Freedom of Entry to the City of Durham to No.607 (County of Durham) Squadron Royal Auxiliary Air Force (for copy see file of minutes).

The Clerk to the Charter Trustees advised that the Rifles were granted honorary Freedom of Entry in 2007, HMS Bulwark was granted honorary Freedom of Entry in 2010 and Mr William Jeffrey Holmes Lodge MBE was granted honorary Freedom of the City in 2010.

Seconded by Councillor J Turnbull, Councillor L Hovvels moved that Freedom of the City of Durham be conferred to No. 607 (County of Durham) Squadron Royal Auxiliary Air Force.

Resolved:

- i) That Freedom of the City of Durham be conferred to No. 607 (County of Durham) Squadron Royal Auxiliary Air Force;
- ii) That the proposed citation within the report be agreed.

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CHARTER TRUSTEES FOR THE CITY OF DURHAM

At the **Meeting** of the **Charter Trustees for the City of Durham** held in the Committee Room 1B, County Hall, Durham, on Wednesday 6 December 2017 at 12.10 pm

Present: The Right Worshipful the Mayor of Durham, Councillor B Kellett (in the Chair) and Councillors D Bell, J Blakey, J Chaplow, K Corrigan, D Freeman, A Hopgood, R Ormerod, M Simmons, J Turnbull, L Brown, S Dunn, L Hovvels, C Marshall, M McKeon, F Tinsley and M Wilson

Also Present:

Councillor J Lethbridge

1 Apologies for Absence

Apologies for absence were received from Councillors D Hall, C Marshall and P Taylor.

2 Minutes

The minutes of the meeting held on 1 November 2017 were confirmed as a correct record and signed by the Mayor.

3 Declarations of interest

There were no declarations of interest.

4 2018/19 Budget

Charter Trustees considered a report of the Treasurer that provided information to enable Charter Trustees to determine the appropriate budget requirement for the Charter Trust for 2018/19, basic level of council tax required for 2018/19 and to consider the council tax levels for the period up to 2021/22 (for copy see file of minutes).

The Treasurer reported that the council tax base for 2018/19 would increase by £869.50 to £25,887.20 for 2018/19 and the Local Council Tax Support Scheme Grant for 2018/19 would decrease by £799 to £6,141 and was likely to continue to be reduced in 2019/20. In order to maintain the precept at £1.90, a transfer of £12,086 from reserves would be required, with the total level of reserves estimated to reduce to £51,482 from 31 March 2019.

At the last meeting, the Treasurer was asked to provide a projected budget for the financial years 2019/20 to 2021/22, which included the assumed annual inflation and

annual pay award, however the projections were based on no change to the council tax base and no decrease in the Local Council Tax Support Scheme Grant after 2019/20.

The Treasurer advised that if Charter Trustees agree to the utilisation of reserves to maintain the Band D equivalent Council Tax at £1.90 in each financial year from 2019/20 to 2021/22, the level of reserves was estimated to reduce to £7,133. He explained that if the estimated reserve balance was to be maintained and not used to support the budget for 2022/23, the Band D equivalent Council Tax would need to be increased from £1.90 to £2.55 in order to balance the projected budget of £65,909 net expenditure for 2022/23.

Councillor Hopgood was minded to move to agree all proposals including setting the precept to 2021/22 with an option to increase the precept earlier should something unexpected arise. Councillor Blakey agreed and added that major developments around the city areas would provide the ability to increase precept and cover costs.

In response to a query from Councillor Tinsley regarding Parish Council precept, the Treasurer explained that at present, nothing had been announced from government to reduce the referendum limit on Town and Parish Councils and the expectation was that only significantly sized Town ad Parish Councils would be affected. He added that if the government were to bring in the 2% referendum option, it would be on the basis of Town and Parish Councils with a precept above a certain value and would not impact on the Charter Trust.

Councillor Dunn expressed concerns with determining the Council Tax precept 4 years in advance. The forecasted closing balance for 2021/22 would leave a questionable level of reserves and any increased inflation between 2018 and 2022 could eliminate reserves entirely. He was happy to note the proposal and asked the Treasurer to advise on the prudent level of reserves, taking into account inflation.

The Treasurer advised that Charter Trustees only had to approve precept a year in advance. He confirmed that the budget would still be reported back to Charter Trustees annually for consideration and would continue to be reviewed regularly throughout the year. Regarding the reserve level, for an organisation of the Charter Trust size, he recommended holding a 10% reserve level based on a £65k turnover.

Resolved:

- i) That the council tax requirement of £49,186 and a £1.90 precept for 2018/19 be approved;
- ii) That the precept of £1.90 for financial years 2019/20 to 2021/22 be agreed in principal. This position will be kept under annual review with the Trustees understanding that there is always the option to increase earlier if something unexpected were to arise.

<p>Charter Trustees for the City of Durham</p> <p>24 January 2018</p> <p>Yearly Approval of Risk Assessment of Governance Arrangements</p>	 <p>City of Durham</p>
<p>Report of Bryan Smith, Clerk to the Charter Trustees</p>	

Purpose of the Report

1. To request Charter Trustees approval of Risk assessment for governance arrangements.

Background

2. Charter Trustees will recall that a previous requirement of the external auditors BDO was to carry out a risk assessment process to review effectiveness of internal controls and review annually before the end of each financial year. Such risk assessment is to be reviewed and minuted as evidence of each review. Accordingly the attached Risk Assessment matrix is presented to Charter Trustees for review and approval prior to end of March 2018.
3. The Clerk and DCC Risk, Insurance and Governance Manager have together reviewed the Risk Assessment matrix as approved last year and have no recommended changes to the risk profile.

Recommendation

4. That the Risk Assessment for governance arrangements be approved and accepted for year end March 2018.

Contact: Bryan Smith Tel: 03000 269717

Appendix 1: Implications

Finance – Detailed within the report.

Staffing - None specific within the report.

Risk – The Risk assessment matrix is designed to monitor and keep under yearly review the governance arrangements for Charter Trustees business.

Equality and Diversity / Public Sector Equality Duty - None specific within the report.

Accommodation - None specific within the report.

Crime and Disorder - None specific within the report.

Human Rights - None specific within the report.

Consultation - None specific within the report.

Procurement - None specific within the report.

Disability Issues - None specific within the report.

Legal Implications - None specific within the report.

RISK ASSESSMENT AND MANAGEMENT

Aim	Risk Identified	Existing Controls	Impact of Risk	Likelihood of Risk	Any Further Actions to required to Mitigate risk (include date and responsible person to implement action)
To ensure compliance with the statutory requirements, the Trust's financial regulations, code of conduct and Standing Orders (1,2,3,4,7)	Lack of knowledge of regulations and codes.	Ensure that all trustees have copies of relative acts, Code of Conduct and Standing orders. Highlight essential parts and provide training where possible.	L	L	
	Absence of Standing Orders	Ensure Standing Orders are produced, understood by trustees and reviewed at least once per year.	L	L	
	Actions by the Trust outside its powers	Ensure that all trustees have copies of relative acts. Highlight essential parts of Acts or summarise and provide training. Monitored by the legally qualified Clerk who attends each meeting.	H	L	
	Items purchased without proper tendering procedures resulting in accusations of commercial favouritism	Ensure all trustees are aware of regulations re estimates and full tender procedures. Introduce practice of estimates for all purchases over an approved figure. Scheme of Delegated Authorisations in place.	L	L	
	Payments made without prior approval and adequate control.	Ensure all payments are approved in Trust Meetings and recorded in minutes. Keep cash payments to a limit.	L	L	
	Lack of control of signatories to cheques	Keep authorised signatories to a practical minimum	L	L	
	Lack of knowledge of budgetary process and council regulations	Include regulations in Standing orders and issue to all Trustees. Place agenda item early in year to remind trustees of budget process and actions required. Delegate responsibility for Managing budgetary process to one trustee or to one trustee appointed as RFO.	M	L	
	VAT not properly accounted for, resulting in overclaims and large demands from Customs and Excise	Ensure appropriate publications held and that the Clerk/accountant has access to good knowledge of regulations. All items in cash book list. Agreement of any submitted returns	M	L	
To engage with stakeholders (8,10,11,13,15)	Lack of effective lines of communication with other stakeholders	Note all communication lines which are essential or beneficial and make information available to all Trustees. Establish contacts by name and where possible face to face. Transparency of meetings and discussions	M	L	

Aim Page	Risk Identified	Existing Controls	Impact of Risk	Likelihood of Risk	Any Further Actions to required to Mitigate risk (include date and responsible person to implement action)
10 To ensure that all trustees are aware of their responsibilities, possible liabilities and to provide adequate insurance cover for all possible risks. (4, 12, 14)	Lack of Knowledge of possible culpability of Trustees	Create Standing Orders and familiariseation with those where greatest risk occurs.	L	L	
	Lack of education of trustees regarding culpability	As above plus delegate responsibility to one or two Trustees to assist newcomers to understand culpability. Attend any training courses available.	L	L	
	Inadequate insurance cover taken out - property, personal liability, employers liability.	Review risk assessment by including on agenda of Trust meetings at least yearly : Delegate responsibility for keeping up to date with insurance requirements to an individual trustee/ officer.	H	L	
To keep appropriate books of account accurately and up to date throughout the financial year (7,	VAT claims not made promptly or made incorrectly	Ensure Clerk/Accountant has up to date VAT official publications. Regular checks by Trustee appointed RFO Internal audit checks	M	L	
	Lack of knowledge of accounting requirements	Ensure all trustees are familiar with current financial regulations and include them in standing orders. Regularly review standing orders. RFO in place.	M	L	
	Lack of commitment to accounting requirements	As above plus RFO to produce financial reports to all meetings. Internal audit reports to be made available to all trustees and any recommendations to be acted upon.	M	L	
	Bank Charges unnecessarily incurred	RFO to carry out regular inspection of books of account. Internal adudit to be undertaken periodically during financial year.	L	L	
	Inaccuracies in recording accounts, totals in books of account and bank reconciliations	RFO to ensure that books of account are formatted in such a way that internal controls are included and activated. Regular internal audits to advise on internal controls required.	M	L	
	Inaccuracies and interest losses caused by account transfers	Keep numbers of accounts to a minimum but ensure that any large balances are deposited into an interest bearing account	L	L	
	The most beneficial interest terms not being employed	Ensure that favourable interest rates are obtained/review against alternatives, but bear in mind any risks in changing accounts.	L	L	

Aim	Risk Identified	Existing Controls	Impact of Risk	Likelihood of Risk	Any Further Actions to required to Mitigate risk (include date and responsible person to implement action)
To ensure that salaries paid to employees and amounts paid to contractors are paid in accordance with council regulations and adequately monitored.	Inadequate control of cash receipts	Avoid cash payments and receipts if possible. Provide insurance cover. If cash payments/receipts are unavoidable, always check to bank, use a properly controlled petty cash account and segregate duties wherever possible. No petty cash float and all transactions are put through relevant accountancy procedures via the council's accountancy team.	H	L	
	Books of account not kept up to date/invoices not posted properly	Regular checks by RFO and internal auditor with financial reports to all Trust meetings	M	L	
	Payments missed or delayed due to inadequate filing of invoices	As above	M	L	
To ensure thay year end accounts are prepared on the correct accounting basis, on time and supported by an adequate audit trail.	Inappropriate rate of pay to employees (salary & hours paid etc) False employees	Ensure employee regulations are available and understood by Clerk. Check to payroll minutes and contracts by trustee appointed as RFO. Internal audit checks.	M	L	
	Tax an NI arrangements not in accordance with regulations	As above Check payroll records to PAYE/NI tables	M	L	
	Amounts paid to contractors not in accordance with contract and inadequately monitored	Internal checks on goods supplied/invoice calculations/payee details Checks by trustee appointed as RFO Appoint trustee to monitor contract work carried out.	M	L	
	Lack of knowledge of Trust regulations and procedures	Include financial regulations in Standing Orders. Attend training seminars where available	M	L	
	Late or non submission of annual accounts	Include timetable in Standing Orders. Monitor progress against timetable and report to Trust meetings	M	L	
	Year end accounts not prepared, inaccurate or not in accordance with Trust requirements	Checks by RFO Internal audit checks	M	L	

Aim Page	Risk Identified	Existing Controls	Impact of Risk	Likelihood of Risk	Any Further Actions to required to Mitigate risk (include date and responsible person to implement action)
1	Inadequate audit trail from records to final accounts	Checks by RFO Internal audit checks	M	L	
To identify, value and maintain all Trust assets and ensure that asset and investment registers are complete, accurate and properly maintained (5,6,	Lack of knowledge of assets of Trust	Ascertain and record all Trust assets in a permanent register	L	L	
	Assets lost or misappropriated	Establish who is responsible for security and maintainance of each asset. Public Liability Insurance in place. Maintain and update Register of assets	M	L	
	Risk or damage to third party property or individuals	Regular monitoring of location and use of assets- annual inspection.			
	Inadequate or inaccurate valuation of the Trust's assets	Periodic review of valuations and arrange professional valuations where appropriate. Maintain Register of assets.	M	L	
	Asset register not established or inadequately maintained	Maintain Register of assets to comply with Audit Commission requirements.	M	L	
To comply with appropriate Government legislation regarding disability, racial, equality, safeguarding children etc.	Lack of knowledge of applicable legislation	Check to have all appropriate legislation available. Review liabilities and responsibilities periodically at Trust meetings	M	L	
	Lack of public awareness of applicable legislation	Include details of legislation in any public consultations	L	L	
	Failure to comply with applicable legislation	Check to have all appropriate legislation available. Review liabilities and responsibilities periodically at Trust meetings	M	L	
To comply with appropriate Government legislation regarding Health and safety	Lack of information on properties, buildings and equipment	Ensure all current legislation and advice is held by Clerk. Include in asset register all properties for which Trust is responsible	M	L	
	Lack of knowledge of safety requirements	Ensure all current legislation and advice is held by Clerk. Report to Trust meeting as and when legislation produced	M	L	
	Lack of commitment to carrying out safety checks	As above plus Delegate responsibility for particular properties to individual trustees. Health and Safety Policy page procedures and training in place.	M	L	

Charter Trustees for the City of Durham

24 January 2018

Revenue Outturn for the period ending 31 December 2017 and Projected Outturn to 31 March 2018



City of Durham

Report of Jeff Garfoot, Treasurer

INTRODUCTION

- 1 The purpose of this report is to provide information on the:
 - actual expenditure compared to the profiled budget for the period ending 31 December 2018;
 - forecast of expenditure to 31 March 2018 in comparison to the 2017/18 original budget.

COMPARISON OF REVENUE OUTTURN WITH BUDGET

- 2 At 31 December 2018 actual net expenditure was £44,149; an underspend of £9,496 (or 17.70%) against a profiled budget of £53,645.
- 3 It is anticipated that actual expenditure at 31 March 2018 will be lower than the original budget of £66,436 by £10,866 (or 16.36%). The sum required to be drawn from reserves to balance the budget is therefore expected to reduce from £11,962 to £1,096.
- 4 An analysis of the expenditure over subjective budget headings is set out in Appendix 2.
- 5 Explanations regarding the main variances between actual expenditure and the budget are provided below:

TRANSPORT

- 6 Based upon the current activity levels, it is anticipated that actual expenditure on transport will be £10,090 at the financial year end which is £357 (or 3.42%) less than the original budget.

SUPPLIES AND SERVICES

7 The total expenditure on supplies and services is £3,352 less than the profiled budget to date. Based upon the activity levels to date, the supplies and services outturn figure at 31 March 2018 is expected to be £15,029; an underspend of £3,174 (or 17.44%) in comparison to the annual budget.

INCOME

8 It is anticipated that actual income will be £2,546 at the financial year end which is £2,506 more than the original budget. This is due to the fact the original budget was nil and the Mayor's civic dinner planned for March 2018 has been estimated to generate a similar amount of income as March 2017.

FORECAST OF OUTTURN

9 The latest forecast of net expenditure to 31 March 2018 is £55,570, an underspend of £10,866 (or 16.36%) against the net expenditure budget of £66,436.

GENERAL RESERVE

10 The general reserve balance at 1 April 2017 was £68,078. With a projected underspend of £10,866, the amount required to be drawn from reserves would be £1,096, rather than the original budget figure of £11,962. Consequently the reserve balance would decrease to £66,982 as at 31 March 2018.

VAT

11 As at 31 December 2017 the total VAT paid and reclaimed was £30,401.77.

RECOMMENDATIONS

12 It is **RECOMMENDED** that the City of Durham Charter Trustees:

- note the outturn position for the period ended 31 December 2017;
- note the forecast of outturn to 31 March 2018;

Contact: Ian Herberson, Tel. 03000 261861

RISKS AND IMPLICATIONS

Finance

The report provides information on the:

- actual expenditure compared to the profiled budget to 31 December 2017
- forecast of expenditure to 31 March 2018 in comparison to the 2017/18 original budget

Staffing

None

Equality and Diversity

None

Accommodation

None

Crime and Disorder

None

Human Rights

None

Consultation

None

Procurement

None

Disability Discrimination Act

None

Legal Implications

None

**ACTUAL OUTTURN COMPARED TO THE PROFILED BUDGET TO
31 DECEMBER 2017 AND PROJECTED OUTTURN TO 31 MARCH 2018**

Annual Budget 2017/18	Budget Head	Profiled budget to date	Year to date Actual	Projected Outturn	Variance (Projected Outturn v Annual Budget)
£	Employees	£	£	£	£
3,500	Mayor's Allowance	3,500	0	0	-3,500
1,500	Deputy Mayor's Allowance	1,500	0	0	-1,500
3,501	Premises				
	Town Hall	3,501	3,501	3,501	0
6,305	Transport				
	Civic Car	4,729	4,463	6,340	35
1,198	Bus Hire	899	480	1,000	-198
2,944	Sergeants at Mace/ Bodyguard	2,944	2,750	2,750	-194
16,640	Supplies and Services				
418	Mayor's Hospitality	10,000	6,835	13,336	-3,304
840	General Office Expenses	314	409	500	82
305	Insurance	840	833	833	-7
	External Audit	305	30	360	55
16,690	Support Services				
12,635	Administration	12,518	12,646	16,861	171
	Support Services	12,635	12,635	12,635	0
0	Income				
-40	Mayor's Civic Dinner	0	-420	-2,520	-2,520
	Investment income	-40	-13	-26	14
66,436	Net Expenditure	53,645	44,149	55,570	-10,866
-6,940	Council Tax Support Grant Transfer to / -from Reserves	-6,940	-6,940	-6,940	0
-11,962		0	0	-1,096	10,866
47,534	Net budget	46,705	37,209	47,534	0