



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

Ref: JM

28 November 2023

To: The Mayor and Members of the
CHARTER TRUSTEES FOR THE CITY OF DURHAM
(Councillors L Mavin, L Brown, J Blakey, J Chaplow, J Elmer,
C Fletcher, D Freeman, O Gunn, D Hall, A Hopgood, L Hovvels,
G Hutchinson, B Kellett, E Mavin, M McKeon, D Nicholls, R Ormerod,
E Scott, M Simmons, A Simpson, D Stoker, P Taylor, 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 1A/B, on Wednesday 6 December 2023 at 11.30 am.

Please Note: In the event that Full Council runs beyond 11.30am, the Charter
Trustee meeting will commence immediately following the County Council meeting.

BUSINESS

Part A

Items which are open to the Public and Press

1. Apologies for Absence
2. Minutes of the meeting held on 18 October 2023
(Pages 3 - 4)
3. Declarations of interest, if any

4. External Audit Annual Review of the Return for the year ended 31 March 2023 - Report of the Treasurer (Pages 5 - 14)
5. 2024/25 Budget - Report of the Treasurer (Pages 15 - 20)
6. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration
7. Any resolution relating to the exclusion of the public during the discussion of items containing exempt information

Part B

Items during which it is considered the meeting will not be open to the public (consideration of exempt or confidential information)

8. Such other business as, in the opinion of the Chair of the meeting, is of sufficient urgency to warrant consideration

Yours faithfully
Clerk

CHARTER TRUSTEES FOR THE CITY OF DURHAM

At the **Meeting** of the **Charter Trustees for the City of Durham** held in Committee Room 1A , County Hall, Durham, on Wednesday 18 October 2023 at 11.30 am

Present: The Right Worshipful the Mayor of Durham, Councillor L Mavin (in the Chair) and Councillors L Brown, J Blakey, C Fletcher, O Gunn, A Hopgood, L Hovvels, G Hutchinson, E Mavin, M McKeon, R Ormerod, M Simmons, A Simpson, P Taylor and M Wilkes

1 Apologies for Absence

Apologies for absence were received from Councillors D Freeman, D Hall, E Scott, D Stoker and M Wilson.

2 Minutes

The minutes of the meetings held on 7 June 2023 and 21 June 2023 were confirmed as a correct record and signed by the Mayor.

3 Declarations of Interest

There were no declarations of interest.

4 Revenue Outturn for the period ending 30 September 2023 and Projected Outturn to 31 March 2024

Charter Trustees considered a report of the Treasurer that provided information on the actual expenditure compared to the profiled budget for the period ending 30 September 2023 and the forecast of expenditure to 31 March 2024 in comparison to the 2023/24 original budget (for copy of report, see file of minutes).

The Treasurer reported that the net expenditure was £10,730, an underspend of £27,249 against a profiled budget of £37,979.

It was anticipated that actual net expenditure at 31 March 2024 would be lower than the original budget of £75,958 by £6,691. The sum required to be drawn from reserves to balance the budget was expected to reduce from £15,477 to £8,786. The reserve balance would decrease to £69,032 as at 31 March 2024.

The Treasurer indicated that the report provided explanations for the main variances between actual expenditure and the budget that were mainly due to the projected underspend of the Mayor's Hospitality budget.

The Treasurer advised that a report would be presented to the meeting on the 6 December 2023 to provide information to enable the Charter Trustees to determine the budget requirement for 2024/25 and the basic level of council tax for the financial years 2024/25 to 2027/28.

The Treasurer asked Trustees if they required a working group to be set up to look at the precept for 2024/25 given that the Trust previously agreed to keep the precept at the same level for 2024/25.

Trustees agreed that a working group was not necessary.

Resolved:

- (i) That the outturn position for the period ended 30 September 2023 be noted.
- (ii) That the forecast of outturn to 31 March 2024 be noted.
- (iii) That the 2024/25 Budget report be presented to the Charter Trustees meeting on 6 December 2023.

5 Any other Business

Councillor Blakey advised Trustees that the Mayor's Christmas coffee morning would be held in the Town Hall on 2 December 2023. Trustees were advised to contact herself or Jen Hawley at the Town Hall if they were able to assist with the coffee morning.

**Charter Trustees for the City of
Durham**

6 December 2023

**External Audit Annual Review of the
Return for the year ended 31 March
2023**



City of Durham

Report of Jeff Garfoot, Treasurer

Purpose of the Report

- 1 This report presents to the Charter Trustees for the City of Durham the External Auditors (PKF Littlejohn LLP) Annual Review of the Annual Governance and Accountability Return (AGAR) for the financial year ended 31 March 2023.

Executive Summary

- 2 In June 2023 the Annual Governance and Accountability Return 2022/23 was submitted to PKF Littlejohn LLP for audit under the limited assurance audit regime.
- 3 The audit has been completed and a copy of the final return is attached at Appendix 2.
- 4 The audit opinion states that the return has been completed in accordance with proper practices and there is no cause for concern that relevant legislation and regulatory requirements have not been met.
- 5 There were three exceptions highlighted by the auditors which will need to be addressed before the 2023/24 return is completed.

Background

- 6 In accordance with the Accounts and Audit Regulations 2015 (as amended), the Annual Governance and Accountability Return 2022/23 was approved at the meeting held on 21 June 2023.

- 7 Following approval at the meeting, the return was submitted to PKF Littlejohn LLP for audit under the limited assurance audit regime. The audit has now been completed and a copy of the final return is attached at Appendix 2.
- 8 The audit opinion states that the return has been completed in accordance with proper practices and there is no cause for concern that relevant legislation and regulatory requirements have not been met.
- 9 There were three exceptions highlighted by the auditors which will need to be addressed before the 2023/24 return is completed:
 - Unpresented cheques as per the bank reconciliation have not been deducted from Section 2, Box 8. As the smaller authority operates on an Income and Expenditure accounting basis, unpresented cheques should be included within Boxes 6, 7 and 8 and shown as reconciling items on the bank reconciliation rather than as creditors on the Box 7/8 reconciliation. This was also raised in the external auditor report for 2020/21 and 2021/22.
 - Section 1, Assertion 5 has been incorrectly completed. Information received from the internal auditor and confirmed by the smaller authority highlights that the risk assessment was not reviewed and approved during the year under review. As a result, the answer to this assertion should have been 'No'. The smaller authority has confirmed that this is now being addressed.
 - The minute references for Section 1 and 2 have been incorrectly recorded on the AGAR. The minutes of the meeting at which the AGAR was approved have been reviewed and demonstrate that Sections 1 and 2 have been approved in the correct order. The smaller authority should ensure that the correct dates are recorded on the AGAR in future.

Proposed Actions

- 10 The following actions will be taken to ensure that the three exceptions are addressed before the 2023/24 return is completed:
 - The figure for unpresented cheques was included in the the wrong box within the accounting statements of the return, however this did not impact upon reported balances of the Trust. Processes have already been implemented to ensure that this is correctly reported in future returns.

- A risk assessment for the Trust is being prepared by the Clerk and will be presented to the Charter Trustees at the March 2023 meeting.
- Dates will be correctly recorded on future Annual Governance and Accountability Returns.

Recommendations

- 11 It is recommended that the City of Durham Charter Trustees:
- (a) Approve the Annual Governance and Accountability Return for the year ended 31 March 2023 including the External Auditor's Report and Certificate 2022/23 (attached at Appendix 2).
 - (b) Note the actions to be taken to address the issues highlighted by the external auditors in the 2022/23 return.

Contact: Ed Thompson, Tel. 03000 263481

Appendix 1: Implications

Legal Implications

The Accounts and Audit Regulations set out the legal and regulatory framework in which the accounts are prepared. The proposals within this report seek to strengthen compliance with these.

Finance

The Annual Return was completed in line with the Accounts and Audit Regulations. Financial planning and management is a key component of effective corporate governance.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

None.

Procurement

None

Annual Governance and Accountability Return 2022/23 Form 3

To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities*:

- where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or
- where the higher of gross income or gross expenditure was £25,000 or less but that:
 - are unable to certify themselves as exempt (fee payable); or
 - have requested a limited assurance review (fee payable)

Guidance notes on completing Form 3 of the Annual Governance and Accountability Return 2022/23

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 must complete Form 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with *Proper Practices*.
2. The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:
 - The Annual Internal Audit Report must be completed by the authority's internal auditor.
 - Sections 1 and 2 must be completed and approved by the authority.
 - Section 3 is completed by the external auditor and will be returned to the authority.
3. The authority must approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both must be approved and published on the authority website/webpage before 1 July 2023.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, must return to the external auditor by email or post (not both) no later than 30 June 2023. Reminder letters will incur a charge of £40 +VAT:
 - the Annual Governance and Accountability Return Sections 1 and 2, together with
 - a bank reconciliation as at 31 March 2023
 - an explanation of any significant year on year variances in the accounting statements
 - notification of the commencement date of the period for the exercise of public rights
 - Annual Internal Audit Report 2022/23

Unless requested, do not send any additional documents to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed the limited assurance review and is able to give an opinion, the Annual Governance and Accountability Section 1, Section 2 and Section 3 – External Auditor Report and Certificate will be returned to the authority by email or post.

Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:

Before 1 July 2023 authorities must publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- Section 1 - Annual Governance Statement 2022/23, approved and signed, page 4
- Section 2 - Accounting Statements 2022/23, approved and signed, page 5

Not later than 30 September 2023 authorities must publish:

- Notice of conclusion of audit
- Section 3 - External Auditor Report and Certificate
- Sections 1 and 2 of AGAR including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

*for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.

Guidance notes on completing Form 3 of the Annual Governance and Accountability Return (AGAR) 2022/23

- The authority must comply with *Proper Practices* in completing Sections 1 and 2 of this AGAR. *Proper Practices* are found in the *Practitioners' Guide** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the AGAR is complete (no highlighted boxes left empty) and is properly signed and dated. Any amendments must be approved by the authority and properly initialled.
- The authority should receive and note the Annual Internal Audit Report before approving the Annual Governance Statement and the accounts.
- Use the checklist provided below to review the AGAR for completeness before returning it to the external auditor by email or post (not both) no later than 30 June 2023.
- The Annual Governance Statement (Section 1) must be approved on the same day or before the Accounting Statements (Section 2) and evidenced by the agenda or minute references.
- The Responsible Financial Officer (RFO) must certify the accounts (Section 2) before they are presented to the authority for approval. The authority must in this order; consider, approve and sign the accounts.
- The RFO is required to commence the public rights period as soon as practical after the date of the AGAR approval.
- You must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant authority owned generic email addresses and telephone numbers.
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the AGAR covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (Section 2, page 5). An explanation must be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide**.
- Explain fully significant variances in the accounting statements on page 5. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the bank reconciliation is incomplete or variances not fully explained then additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2022) equals the balance brought forward in the current year (Box 1 of 2023).
- The Responsible Financial Officer (RFO), on behalf of the authority, must set the commencement date for the exercise of public rights of 30 consecutive working days which must include the first ten working days of July.
- The authority must publish on the authority website/webpage the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor before 1 July 2023.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?	✓	
	Has all additional information requested, including the dates set for the period for the exercise of public rights, been provided for the external auditor?	✓	
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?	✓	
Section 1	For any statement to which the response is 'no', has an explanation been published?	✓	
Section 2	Has the Responsible Financial Officer signed the accounting statements before presentation to the authority for approval?	✓	
	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?	✓	
	Has an explanation of significant variations been published where required?	✓	
	Has the bank reconciliation as at 31 March 2023 been reconciled to Box 8?	✓	
	Has an explanation of any difference between Box 7 and Box 8 been provided?	✓	
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? NB: do not send trust accounting statements unless requested.	✓	

*Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices, can be downloaded from www.nalc.gov.uk or from www.ada.org.uk

Annual Internal Audit Report 2022/23

CHARTER TRUST FOR THE CITY OF DURHAM

ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

During the financial year ended 31 March 2023, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2022/23 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
H. Asset and investments registers were complete and accurate and properly maintained.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
I. Periodic bank account reconciliations were properly carried out during the year.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
K. If the authority certified itself as exempt from a limited assurance review in 2021/22, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2021/22 AGAR tick 'not covered')	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2022-23 AGAR period, were public rights in relation to the 2021-22 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
N. The authority has complied with the publication requirements for 2021/22 AGAR (see AGAR Page 1 Guidance Notes).	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

20/06/2023 DD/MM/YYYY DD/MM/YYYY

Name of person who carried out the internal audit

ENTER NAME OF INTERNAL AUDITOR

Signature of person who carried out the internal audit

Tracy Anderson

Date 20/06/2023

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2022/23

We acknowledge as the members of:

CHARTER TRUST FOR THE CITY OF DURHAM

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2023, that:

	Approved		Yes means that this authority:
	Yes	No	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		has only done what it has the legal power to do and has complied with Proper Practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
			has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.
		✓	

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

21/6/23

and recorded as minute reference:

21/6/23

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman

A. Mavin

Clerk

Sara

ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

Section 2 – Accounting Statements 2022/23 for

CHARTER TRUST FOR THE CITY OF DURHAM

	Year ending		Notes and guidance
	31 March 2022 £	31 March 2023 £	
1. Balances brought forward	75,144	80,358	<i>Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.</i>
2. (+) Precept or Rates and Levies	49,330	50,196	<i>Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.</i>
3. (+) Total other receipts	6,732	9,305	<i>Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.</i>
4. (-) Staff costs	-18,388	-18,424	<i>Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.</i>
5. (-) Loan interest/capital repayments	0	0	<i>Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).</i>
6. (-) All other payments	-32,460	-43,617	<i>Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).</i>
7. (=) Balances carried forward	80,358	77,818	<i>Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).</i>
8. Total value of cash and short term investments	76,290	115,590	<i>The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.</i>
9. Total fixed assets plus long term investments and assets	0	0	<i>The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.</i>
10. Total borrowings	0	0	<i>The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).</i>

For Local Councils Only	Yes	No	N/A	
11a. Disclosure note re Trust funds (including charitable)				<i>The Council, as a body corporate, acts as sole trustee and is responsible for managing Trust funds or assets.</i>
11b. Disclosure note re Trust funds (including charitable)			✓	<i>The figures in the accounting statements above do not include any Trust transactions.</i>

I certify that for the year ended 31 March 2023 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

SIG J. Cooper

Date

08/06/2023

I confirm that these Accounting Statements were approved by this authority on this date:

21/6/23 MM/YYYY

as recorded in minute reference:

MINUTE REFERENCE

Signed by Chairman of the meeting where the Accounting Statements were approved

SIG M. Mavin

Section 3 – External Auditor’s Report and Certificate 2022/23

In respect of **The Charter Trustees for the City of Durham - OT0057**

1 Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2023; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

2 External auditor’s limited assurance opinion 2022/23

Except for matters reported below, on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return (AGAR), in our opinion the information in Sections 1 and 2 of the AGAR is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met.

The AGAR was not accurately completed before submission for review. Please ensure that amendments are corrected in the prior year comparatives when completing next year’s AGAR:

- Unpresented cheques as per the bank reconciliation have not been deducted from Section 2, Box 8. As the smaller authority operates on an Income and Expenditure accounting basis, unpresented cheques should be included within Boxes 6, 7 and 8 and shown as reconciling items on the bank reconciliation rather than as creditors on the Box 7/8 reconciliation. This was also raised in the external auditor report for 2020/21 and 2021/22.

Section 1, Assertion 5 has been incorrectly completed. Information received from the internal auditor and confirmed by the smaller authority highlights that the risk assessment was not reviewed and approved during the year under review. As a result, the answer to this assertion should have been ‘No’. The smaller authority has confirmed that this is now being addressed.

Other matters not affecting our opinion which we draw to the attention of the authority:

The minute references for Section 1 and 2 have been incorrectly recorded on the AGAR. The minutes of the meeting at which the AGAR was approved have been reviewed and demonstrate that Sections 1 and 2 have been approved in the correct order. The smaller authority should ensure that the correct dates are recorded on the AGAR in future.

3 External auditor certificate 2022/23

We certify that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2023.

External Auditor Name **PKF LITTLEJOHN LLP**

External Auditor Signature *PKF Littlejohn LLP* Date **28/09/2023**

Charter Trustees for the City of Durham

6 December 2023

2024/25 Budget



City of Durham

Report of Jeff Garfoot, Treasurer

Purpose of the Report

- 1 The purpose of this report is to provide information to enable Charter Trustees to determine the:
 - (a) appropriate budget requirement for the Charter Trust for 2024/25;
 - (b) basic level of council tax required for 2024/25.

Background

- 2 At the meeting held on 6 December 2017, Charter Trustees agreed to the utilisation of reserves to maintain the Band D equivalent Council Tax at £1.90 in each financial year from 2018/19 to 2021/22.
- 3 At the meeting on 8 December 2021 the Charter Trustees agreed a continuation of the £1.90 precept for 2022/23 which resulted in a council tax requirement of £50,196 for the 2022/23 budget, which, after applying the Local Council Tax Support Scheme Grant and a forecast transfer of £15,780 from reserves, allowed for an expenditure budget of £72,763. In addition, the Charter Trustees requested that a working group be set up to consider future options for precept setting to enable a recommendation to be brought to a future meeting.
- 4 At the meeting held on 23 March 2022 the Charter Trustees considered a report that provided an update on the work and recommendations of the working group to consider the future precept setting policy for the period to 2025/26. It was agreed that a strategy of £2.00 precept be applied in 2023/24, 2024/25 and 2025/26. It was also agreed that this position would be kept under review on an annual basis.
- 5 The County Council have requested that Town and Parish Council's advise them of their 2024/25 precept by 19 January 2024.

Budget Assumptions

- 6 The following budget assumptions have been made and applied to the proposed budget for 2024/25:
- (a) annual inflation of 2.0%;
 - (b) annual pay award of 4.0%;
 - (c) a reduction in the Local Council Tax Support Scheme Grant of 15.43%; from £6,544 to £5,534;
 - (d) a decrease in the council tax base of 0.24%; from 26,968.7 to 26,903.0.

Budget 2024/25

- 7 In order to set a robust and accurate budget Trustees ought to take into account the:
- (a) forecast outturn position for the current year. The forecast net expenditure is £911 lower than the original budget. This will result in the sum required to be drawn from reserves reducing from £15,477 to £14,566. The projected outturn for the current financial year is shown in detail in Appendix 2;
 - (b) anticipated price increases;
 - (c) future level of service provision required. The proposed budget for 2024/25 assumes business as usual.
- 8 Durham County Council has advised that the council tax base for 2024/25 will decrease by 65.7 (from 26,968.7 for 2023/24 to 26,903.0 for 2024/25). Consequently, the council tax receivable will decrease by £131.40 (from £53,937.40 to £53,806.00) at the proposed Band D Council Tax rate of £2.00.
- 9 Durham County Council has advised that following a consultation with all Town and Parish Councils it will reduce the Local Council Tax Reduction Scheme (LCTRS) grant payment by 50%, phased over the next three years. The LCTRS grant payable to the Charter Trust for 2024/25 has reduced by £1,010 (from £6,544 to £5,534).

Proposed Budget 2024/25

- 10 A proposed budget is attached at Appendix 2. It has been calculated by applying the budget assumptions, as set out in paragraph 6 and considering the forecast of outturn position for 2023/24. The approved 2023/24 budget and forecast of outturn for 2023/24 are shown for comparison and information purposes.
- 11 In order to have a Band D Council Tax of £2.00, a transfer from reserves of £19,085 would be required in order to balance the budget for 2024/25. This would result in a council tax requirement for 2024/25 of £53,806.
- 12 The agreed strategy of maintaining council tax at £2.00 is agreed up to 2025/26, subject to review on an annual basis.
- 13 Taking into account the latest projected outturn position for 2023/24 and the proposed transfer from reserves of £19,085 to balance the 2024/25 budget, the total level of reserves is estimated to reduce to £44,167 as at 31 March 2025. The table below identifies the forecast reserves position up to 2024/25 to have a precept of £2.00 as agreed at the meeting in March 2022.

Reserve Analysis

	£
Actual opening balance 1/4/2023	77,818
Forecast contribution from Reserves in 2023/24	-14,566
Forecast 2024/25 opening balance	63,252
Use of reserves to set a £2.00 precept 2024/25	-19,085
Forecast closing balance 31/3/2025	44,167

Proposed Timetable

- 14 The deadline for approving the precept for 2024/25 is no later than 19 January 2024.

Recommendations

- 15 It is recommended that the City of Durham Charter Trustees:

- (a) note the forecast of outturn position for 2023/24;
- (b) agree the council tax requirement of £53,806 and a £2.00 precept for 2024/25:
- (c) note the deadline for agreeing the precept for 2024/25;
- (d) note the requirement to keep the agreed precept of £2.00 for 2023/24 to 2025/26 under review on an annual basis.

Contact: Ed Thompson, Tel. 03000 263481

Appendix 1: Implications

Legal Implications

None.

Finance

The report provides information to enable Charter Trustees to consider the level of council tax and revenue budget requirement for 2024/25.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Climate Change

None.

Human Rights

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

None.

Procurement

None.

Appendix 2: Charter Trustees for the City of Durham Proposed Budget 2024/2025

Budget 2023/24 £	Forecast of Outturn 2023/24 £		Proposed Budget 2024/25 £
		Employees	
3,500	3,500	Mayor's Allowance	3,500
1,500	1,500	Deputy Mayor's Allowance	1,500
		Premises	
4,018	4,018	Town Hall	4,098
		Transport	
8,190	10,500	Civic Car	10,500
1,337	2,180	Bus Hire	1,364
2,900	2,700	Sergeants at Mace/ Bodyguard	2,958
		Supplies & Services	
19,017	13,088	Mayor's hospitality	14,000
892	305	General office expenses	910
890	848	Insurance	908
315	315	External Audit	321
		Support Services	
19,345	23,233	Administration	24,500
14,084	14,084	Finance, Clerk, legal, HR, IT	14,366
		Income	
-30	-1,224	Bank interest	-500
75,958	75,047	Total Expenditure	78,425
-15,477	-14,566	Transfer to/from Reserves	-19,085
-6,544	-6,544	Council Tax Support Grant	-5,534
53,937	53,937	Council Tax Requirement	53,806
26,968.7	26,968.7	Tax base	26,903.0
2.00	2.00	Band D Council Tax	2.00
53,937	53,937	Council Tax Receivable	53,806