



**City of Durham
Charter Trust for the City of Durham**

Ref: JM

28 November 2012

To: The Mayor and Members of the
CHARTER TRUST FOR THE CITY OF DURHAM
(Councillors J Wilkinson, J Blakey, J Chaplow,
J Cordon, R Crooks, N Foster, D Freeman, G Holland,
K Holroyd, A Hopgood, N Martin, E Mavin, D Morgan,
B Myers, M Plews, M Simmons, D J Southwell,
D Stoker, P Taylor, L Thomson, J Turnbull, M Wilkes,
M Williams, M Wood and C Woods).

Dear Sir/Madam

A Meeting of the **CHARTER TRUST FOR THE CITY OF DURHAM** will be held in the Committee Room 2, County Hall, Durham, on Wednesday 5 December 2012 at 1.00 pm.

BUSINESS

1. Apologies for Absence.
2. Minutes of the Meeting held on 19 September 2012. (Pages 1 - 2)
3. Revenue Outturn for the Period ending 31 October 2012 and Projected Outturn to 31 March 2013. (Pages 3 - 8)
4. Revenue Budget 2013/14. (Pages 9 - 16)

Yours faithfully

Clerk

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CHARTER TRUST FOR THE CITY OF DURHAM

At the **Meeting** of the **Charter Trust for the City of Durham** held in the Council Chamber, County Hall, Durham, on Wednesday 19 September 2012 at 12.35 pm

Present: The Right Worshipful the Mayor of Durham, Councillor John Wilkinson (in the Chair) and Councillors J Chaplow, J Cordon, D Freeman, G Holland, K Holroyd, A Hopgood, N Martin, B Myers, M Simmons, D J Southwell, P Taylor, L Thomson, J Turnbull, M Wilkes, M Wood and C Woods

1 Apologies for Absence.

Apologies for Absence had been received from Councillors Blakey, Foster, Plews, Stoker and Williams.

2 Minutes.

The Minutes of the meeting held on 28 June 2012, were confirmed as a correct record and signed by the Mayor.

3 Revenue Outturn for the Period ending 31 July 2012 and Projected Outturn to 31 March 2013.

Charter Trustees considered the report of the Treasurer which provided information on the actual expenditure compared to the profiled budget for the period ending 31 July 2012 and the forecast of expenditure to 31 March 2013 in comparison to the 2012/13 original budget (for copy see file of minutes).

Charter Trustees discussed in detail the contract for the Chauffeuring service which had been deferred pending the outcome of the Community Governance Review for the Durham area. In view of the decision not to parish the Durham area Trustees considered whether the contract should be left until May 2013 when the new Charter Trustees were in place or whether it should be placed out to tender prior to this date as it was a big part of the expenditure.

Resolved:

- (i) That the outturn position for the quarter ended 31 July 2012 be noted.
- (ii) That the forecast outturn to 31 March 2013 be noted.
- (iii) That the working group set up to look at the Chauffeuring contract work with Officers and bring a report back to the next meeting of the Charter Trust for the City of Durham which sets out draft tender documentation for consideration prior to the setting of the budget.

4 Any Other Business.

The Charter Trustees considered the impact of the boundary changes on the Charter Trust for the City of Durham which could result in 27 Charter Trustees instead of the current 22 and whether they needed a new Constitution.

The Clerk advised Charter Trustees that the boundary would stay the same, although a change in the regulations might be required. The legal implications were being investigated and she would report to a future meeting.

Charter Trust for the City of Durham

5 December 2012

**Revenue Outturn for the Period
ending 31 October 2012 and Projected
Outturn to 31 March 2013**



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 October 2012
 - forecast of expenditure to 31 March 2013 in comparison to the 2012/13 original budget

COMPARISON OF REVENUE OUTTURN WITH BUDGET

- 2 At 31 October 2012 actual net expenditure was £75,295; an underspend of £11,173 (or 12.9%) against a profiled budget of £86,468.
- 3 It is anticipated that there will be a small underspend of £6,886 at 31 March 2013. Consequently the amount needed to be drawn from reserves during the year, in order to match the net annual budget of £103,032, will reduce from £21,413 to £14,527. It will be necessary to closely monitor expenditure to ensure it does not exceed the budget at the financial year end, as historically spending relating to functions increases in the latter half of the financial year.
- 4 An analysis of the expenditure over subjective budget headings is set out in Appendix 2. Detailed analyses for all variable costs, namely transport, hospitality, functions and general office expenses, are provided in Appendix 3.
- 5 Explanations regarding the main variances between actual expenditure and the budget are provided below:

TRANSPORT

- 6 Actual expenditure is lower than the profiled budget to date by £831 (or 8.8%). A very small underspend of £450 is anticipated at the financial year end due to a reduction in bus hire.

SUPPLIES AND SERVICES

- 7 The total expenditure on supplies and services is £7,284 less than the profiled budget to date. Although there are a number of civic receptions coming up and funds committed to be spent on the civic dinner, carol service and christmas cards, supplies and services expenditure is estimated to underspend by £5,279 at the year end.
- 8 It will be necessary however, to closely monitor expenditure against the budget to ensure that expenditure does not exceed the annual budget within this heading.
- 9 When setting this year's budget Trustees were expecting a significant portion of the budget to be spent during the Olympics and Jubilee celebrations. Such events were not forthcoming which has undoubtedly contributed towards the underspend.

CONTINGENCIES

- 10 A sum of £1,000 was set aside to meet any unforeseen expenditure throughout the year. The projected outturn has been based upon a forecast underspend of this full amount, assuming that this sum will not be required during the year.

FORECAST OUTTURN

- 11 The latest forecast of expenditure to 31 March 2013 is £117,559, a small underspend of £6,886 (or 5.5%) against the gross expenditure budget of £124,445. Any underspend at the year end will reduce the amount required to be transferred from the general reserve.

GENERAL RESERVE

- 12 The general reserve balance at 1 April 2012 was £36,023. With an underspend of £6,886, the amount required to be drawn from reserves in order to balance the budget at 31 March 2013 decreases from the original estimate of £21,413 to £14,527. Consequently, the general reserve balance will reduce to £21,496.

RECOMMENDATIONS

- 13 It is **RECOMMENDED** that the City of Durham Charter Trustees:
- note the outturn position for the period ended 31 October 2012;
 - note the forecast outturn to 31 March 2013;

Contact: Beverley White, Tel. 03000 261900

RISKS AND IMPLICATIONS

Finance

The report provides information on the:

- actual expenditure compared to the profiled budget to 31 October 2012
- forecast of expenditure to 31 March 2013 in comparison to the 2012/13 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 OCTOBER 2012 AND PROJECTED OUTTURN TO 31 MARCH 2013**

Annual Budget 2012/13	Budget Head	Year to date Budget	Year to date Actual	Projected Outturn	Frequency of Payment	Variance (Projected Outturn v Budget)
£		£	£	£		£
	Employees					
3,500	Mayor's Allowance	3,500	3,500	3,500	annually in May	0
1,500	Deputy Mayor's Allowance	1,500	1,500	1,500	annually in May	0
580	NI contributions	580	574	574	annually in May	6
2,900	Sergeants at Mace/ Body Guard	2,900	2,809	2,809	annually in May	91
	Premises					
13,107	Town Hall	13,107	13,107	13,107	annually in Sept	0
	Transport					
17,120	Civic Car	8,560	8,074	17,120	monthly	0
1,650	Bus Hire	825	480	1,200	monthly	450
	Supplies and Services					
17,487	Mayor's hospitality	8,744	4,251	15,909	monthly	1,578
11,414	Functions	5,707	415	8,024	monthly	3,390
1,520	General office expenses	760	624	1,520	monthly	0
2,305	Insurance	2,305	1,994	1,994	annually in April	311
612	External Audit	0	0	612	annually	0
	Support Services					
30,370	Administration	18,600	18,606	30,370	monthly	0
7,140	Finance & procurement	7,140	7,140	7,140	annually in Sept	0
10,710	Legal/ Clerk	10,710	10,710	10,710	annually in Sept	0
510	HR	510	510	510	annually in Sept	0
1,020	ICT	1,020	1,020	1,020	annually in Sept	0
1,000	Contingency	0	0	0		1,000
	Income					
0	Investment income	0	-19	-60		60
124,445	Net expenditure	86,468	75,295	117,559		6,886
-21,413	Transfer from Reserves	0	0	-14,527		-6,886
103,032	Net Expenditure	86,468	75,295	103,032		0

ANALYSIS OF VARIABLE COSTS TO 31 OCTOBER 2012

	Payee	Amount	Description
Transport	ONGUARD EXECUTIVE	1,047.66	Apr
	ONGUARD EXECUTIVE	1,230.33	May
	ONGUARD EXECUTIVE	2,592.82	June
	ONGUARD EXECUTIVE	1,357.90	July
	ONGUARD EXECUTIVE	718.03	August
	ONGUARD EXECUTIVE	1,127.53	September
	Lee's Coaches	120.00	10th June
	Lee's Coaches	120.00	17th June
	Lee's Coaches	120.00	15th July
	Lee's Coaches	120.00	3rd Sept
	Total Transport	8,554.27	
Hospitality	T&I Bell	1,388.00	Mayor Making Ceremony
	T&I Bell	872.00	Mayors Evensong
	Graeme Stearman	60.00	Photography - Portraits
	Stephanies Flowers	110.00	Mayor Making Display
	Hartlepool Borough Council	80.00	Civic dinner tickets
	DCC	238.50	Catering Recharge
	DCC	70.70	Refreshments
	DCC	198.75	Catering Recharge
	DCC	176.19	Catering Recharge
	Burns Crystal Glass Ltd	200.84	Clock/ Paperweight
	DCC	39.50	Refreshments
	DCC	80.00	Catering Recharges
	DCC	58.26	Refreshments
	DCC	14.11	Refreshments for Reception
	Sports & Leisure Publications	79.00	Festival of Remembrance Brochure
	DCC	7.30	Wrapping Paper/ Ribbon etc
	DCC	8.33	Engraving of Long Service Pin
	Royal British Legion	500.00	Sponsorship of the RBL/ ABF Festival
	Framing Unlimited	32.62	Framing Mayors Photograph & certificates
	DCC	29.83	Gloves for Bodyguard
	DCC	7.29	China Loose Leaf Tea Diffuser
		Total Hospitality	4,251.22
Functions	Durham County Council	56.00	Ball Tickets
	Kyle Walker	180.00	Mayors Board
	Royal British Legion	50.00	Ball Tickets
	City of Sunderland	100.00	Civic Ball Tickets
	DCC	28.80	Table cloth hire
	Total Functions	414.80	
General Office	Friends of Durham Cathedral	35.00	Annual Subscription
	DCC	52.00	Printing - Business Cards
	DCC	8.07	Stationery
	DCC	48.00	Prep of Pantmaster Certificate
	DCC	102.00	Printing of Business Cards
	Association of Ch. Trustee Towns	150.00	Subscription
	DCC	119.67	Postages
	DCC	18.78	Mobile Phone Costs
	Co-op Bank	90.00	Bank charges
		Total General Office	623.52

Charter Trust for the City of Durham

5 December 2012

Revenue Budget 2013/14



City of Durham

Report of Jeff Garfoot, Treasurer

INTRODUCTION

- 1 The purpose of this report is to provide information to Charter Trustees to initiate discussions on the budget requirement for 2013/14 and consequential level of council tax.

BACKGROUND

- 2 A revenue budget of £124,445 was agreed for 2012/13, which was an increase of 7.8% from the 2011/12 budget of £115,397. However, after allowing for a transfer from reserves of £21,413, a reduction in council tax requirement of 10.7% (i.e. from £115,397 in 2011/12 to £103,032 in 2012/13) was approved.
- 3 The Band D Council Tax levied on the residents of the former City of Durham was £3.80 in 2012/13 compared to £4.29 in 2011/12.
- 4 The increased budget in 2012/13 was expected to be utilised for one off events relating to the Olympics and the Queen's Diamond Jubilee.

FORECAST OUTTURN 2012/13

- 5 The latest forecast of expenditure to 31st March 2013 is £117,559; a small underspend of £6,886 (5.5%) against the original budget. Any underspend at the year end will reduce the funds which are needed to transfer from the general reserve in order to meet expenditure.
- 6 Appendix B provides details of the original budgets set for 2011/12 and 2012/13, the forecast outturn to 31st March 2013 and five budget options for 2013/14.

BUDGET 2013/14

- 7 In order to set a robust and accurate budget for 2013/14, Charter Trustees need to take into account the forecast outturn position for the current year, together with the future level of service provision and anticipated price increases. When setting next year's budget, Charter Trustees should also be mindful of the Government's decision to reduce public sector expenditure over the coming years.
- 8 In setting the budget for 2012/13, a decision to utilise 59% of the general reserve was made to provide additional funding for one off events relating to the Olympics and Jubilee celebrations.
- 9 In the 2012/13 budget, the Charter Trust set aside £1,000 in contingencies to meet unforeseen items of expenditure; it is anticipated that this sum will not be required. It may be considered prudent to leave a small contingency sum in the 2013/14 budget to provide a degree of in year flexibility and avoid the need to increase the current level of council tax. However, Trustees ought to note that the level of reserves, forecast to be £21,496 on 31 March 2013, should adequately provide for unforeseen expenditure throughout 2013/14.
- 10 The council tax base used to calculate the precept for the Charter Trust will significantly reduce from 2013/14. The 2013/14 budget calculations have been based upon a council tax base of 23,782.60 for the former City of Durham; last year's tax base was 27,113.60. This is a reduction of 3,331 (or 12.29%). The council tax base is subject to approval by the DCC Cabinet on 19 December 2012.
- 11 The reason for the reduction in council tax base is the introduction of local council tax support schemes which are replacing national council tax benefit in England from 2013/14. Under these local schemes council tax reductions will be part of the council tax system rather than a welfare benefit. Therefore, the council tax base will be reduced where a dwelling is in receipt of council tax support in a similar manner to other council tax discounts. This reduction in the tax base needs to be reflected in the calculation of the band D council tax for precepting authorities.
- 12 This 12.29% reduction in tax base is going to be particularly challenging for the Charter Trust. The current understanding is that the Charter Trust will not qualify for the Council Tax Support Grant leaving Trustees to determine how to balance the budget.
- 13 The deadline for approving the precept for 2013/14 is no later than 25 January 2012. There is a meeting of the Charter Trustees arranged for 21 January 2013 and it is recommended that this meeting be used to agree the budget and council tax requirement.

- 14 Trustees are requested to consider the options set out below when determining the budget. The options have been prepared for illustrative purposes only and are by no means exhaustive. Indicative budgets for all options are set out in Appendix B.

OPTION A – STANDSTILL BUDGET

- 15 Option A provides for a standstill budget. Each budget head has been based upon the method of calculation deemed most appropriate, which is either:

- 2012/13 forecast of outturn, plus 2013/14 pay and price inflation; or
- 2011/12 budget, increased by inflation for 2012/13 and 2013/14;

The 2011/12 budget was used as a base, rather than that of 2012/13, since the 2012/13 budget was over inflated for the one off costs associated with the Olympics and Jubilee.

- 16 The basic assumptions upon which the standstill budget has been determined are as follows:

	<u>Increase</u>	<u>Reduction</u>
Council Tax Base		12.29%
Allowances	nil	
Pay Award	1%	
General Inflation	2%	
Contingencies		100% (reduced to nil)

- 17 The budget requirement would increase by £13,186 and the Band D council tax would rise to £4.89 (i.e. an increase of £1.09 or 28.7%).

OPTION B – COUNCIL TAX LEVY UNCHANGED

- 18 If the Charter Trustees opt to maintain the council tax precept of £3.80 for a Band D property, in order to allow for an expenditure budget of £110,064, due to the reduction in council tax base, £19,630 would need to be transferred from reserves. This would only leave a balance of £1,866 in reserves, which would equate to approximately 2% of the total budget.

- 19 The principal assumptions upon which this budget option has been calculated are as follows:

	<u>Increase</u>	<u>Reduction</u>
Council Tax Base		12.29%
Allowances	nil	
Pay Award	1%	
General Inflation	2%	
Variable costs *		15%
Contingencies		100% (reduced to nil)

* Variable costs include transport, hospitality, functions and general office expenses.

OPTION C – OPTION B, WITHOUT UTILISING RESERVES

- 20 Option C illustrates what the council tax levy would be if the same budget reductions as in Option B were made, but no reserves were applied to balance the budget. This would have the effect of increasing the council tax requirement by £6,972, to £110,004, and thus the Band D Council Tax would rise by £0.83 (or 21.7%) to £4.63.
- 21 The basic assumptions upon which this budget option has been calculated are as follows:

	<u>Increase</u>	<u>Reduction</u>
Council Tax Base		12.29%
Allowances	nil	
Pay Award	1%	
General Inflation	2%	
Variable costs		15%
Contingencies		100% (reduced to nil)

OPTION D – VARIABLE COSTS REDUCED BY 25%

- 22 Option D illustrates the level of budget and council tax levy required if variable costs were reduced by 25%, rather than 15% as in Options B and C, and reserves are maintained at the level as at 31 March 2013.
- 23 This would have the effect of increasing the council tax requirement by £2,829, to £105,861, and the Band D Council Tax would rise by £0.65 (or 17.1%) to £4.45.
- 24 The basic assumptions upon which this budget option has been calculated are as follows:

	<u>Increase</u>	<u>Reduction</u>
Council Tax Base		12.29%
Allowances	nil	
Pay Award	1%	
General Inflation	2%	
Variable costs		25%
Contingencies		100% (reduced to nil)

OPTION E – OPTION D WITH A TRANSFER FROM RESERVES

- 25 Option E is the same as Option D but reserves of £10,000 have been applied to reduce the council tax requirement. This option allows for a council tax requirement of £95,861 which is £7,171 lower than that of 2011/12. Due to the decrease in council tax base however, the council tax levy would increase by £0.23 (or 6.07%).
- 26 The table in Appendix C illustrates the amount of council tax to be levied for each valuation band of dwelling for the budget options provided above.

RECOMMENDATIONS

- 27 It is **RECOMMENDED** that the City of Durham Charter Trustees:
- establish a working group to consider options on the level of budget and council tax required for 2013/14 and report their recommendations to Charter Trustees at the next meeting;
 - utilise the next meeting, arranged for 21 January 2013, to agree the precept;
 - note the deadline for agreeing the precept for 2013/14.

Contact: Beverley White

Tel. 03000 261900

Risks and Implications

Finance

The report provides information to enable Charter Trustees to consider the level of council tax and revenue budget requirement for 2013/14

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

Appendix B

Charter Trust for the City of Durham - Budget Options for 2013/14

	Budget 2011/12	Budget 2012/13	Forecast Outturn 2012/13	2013/14 Budget Options				
				A	B	C	D	E
				11/12 standstill	Council Tax unchanged	Option B without applying reserves	Reduce variable costs by 25%	Option D plus £10k reserves
£	£	£	£	£	£	£	£	£
Employees								
Mayor's Allowance	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Deputy Mayor's Allowance	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
NI contributions	655	580	574	574	574	574	574	574
Sergeants at Mace/ Body Guard	2,960	2,900	2,809	2,809	2,809	2,809	2,809	2,809
Premises								
Town Hall	12,850	13,107	13,107	13,369	13,369	13,369	13,369	13,369
Transport								
Civic Car	14,540	17,120	17,120	14,831	12,606	12,606	11,123	11,123
Bus Hire	1,500	1,650	1,200	1,440	1,224	1,224	1,080	1,080
Supplies & Services								
Mayor's hospitality	12,362	17,487	15,909	12,609	10,718	10,718	9,457	9,457
Functions	11,300	11,414	8,024	11,526	9,797	9,797	8,645	8,645
General office expenses	1,000	1,520	1,520	1,020	867	867	765	765
Insurance	2,260	2,305	1,994	2,034	2,034	2,034	2,034	2,034
External Audit	600	612	612	624	624	624	624	624
Support Services								
Administration	30,370	30,370	30,370	30,674	30,674	30,674	30,674	30,674
Finance & procurement	7,000	7,140	7,140	7,283	7,283	7,283	7,283	7,283
Legal/ Clerk	10,500	10,710	10,710	10,924	10,924	10,924	10,924	10,924
HR	500	510	510	520	520	520	520	520
ICT	1,000	1,020	1,020	1,040	1,040	1,040	1,040	1,040
Contingency	1,000	1,000	0	0	0	0	0	0
Total Expenditure	115,397	124,445	117,619	116,278	110,064	110,064	105,921	105,921
Income - bank interest	0	0	-60	-60	-60	-60	-60	-60
Transfer from Reserves	0	-21,413	-14,527	0	-19,630	0		-10,000
Council Tax Requirement	115,397	103,032	103,032	116,218	90,374	110,004	105,861	95,861
Band D Council Tax	4.29	3.80	3.80	4.89	3.80	4.63	4.45	4.03
% Council Tax Increase				28.68%	0.00%	21.84%	17.11%	6.05%

Appendix C

Amount of Council Tax for each Valuation Band of Dwelling

Valuation Band	Proportion of Basic Amount	Council Tax Options 2013/14				
		A	B	C	D	E
		£	£	£	£	£
A	6/9	3.26	2.53	3.08	2.97	2.69
B	7/9	3.80	2.96	3.60	3.46	3.14
C	8/9	4.34	3.38	4.11	3.96	3.58
D	basic amount	4.89	3.80	4.63	4.45	4.03
E	11/9	5.97	4.64	5.65	5.44	4.93
F	13/9	7.06	5.49	6.68	6.43	5.82
G	15/9	8.14	6.33	7.71	7.42	6.72
H	18/9	9.77	7.60	9.25	8.90	8.06