

# Charter Trustees for the City of Durham

23 March 2022

## Review of Future Council Tax Levels



City of Durham

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### Report of Jeff Garfoot, Treasurer

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#### Purpose of the Report

- 1 It was agreed at the Charter Trustee meeting on 8 December 2021 that a working group would be created to consider the future precept setting policy for the period to 2025/26. This report provides an update on the work of the working group alongside a recommendation for precept levels for the period to 2025/26.

#### 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.
- 4 In addition at the meeting of 8 December 2021 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.
- 5 The following members were agreed as being part of the working group

Cllr Simpson  
Cllr Freeman  
Cllr Wilson  
Cllr Blakey

## **Budget Assumptions**

- 6 To enable options to be developed for consideration the following assumptions have been included in financial modelling:
- (a) annual inflation of 2% in 2023/24 and 1.5% thereafter. It is difficult at this stage to be clear on the ongoing inflationary impacts upon the Charter Trust budget especially during 2022/23. This position will be monitored closely and reported to the Charter Trustees in quarterly forecast of outturn reports
  - (b) annual pay award of 3.0% in 2022/23, 2.5% in 2023/24 and 2% thereafter;
  - (c) no change to the Local Council Tax Support Scheme Grant;
  - (d) no change in the council tax base.

## **Budget Options**

- 7 The initial meeting of the working group agreed that the preference would be to recommend the same precept for the period 2023/24 to 2025/26. On that basis the following precept levels were modelled and presented at a second meeting of the working group.
- a) £1.90
  - b) £2.00
  - c) £2.10
- 8 The 2022/23 budget is attached at Appendix 2 with the detailed budget options in Appendices 3 to 5 of this report. The appendices illustrate the effect of utilising different levels of reserves on the council tax requirement over the three year period 2023/24 to 2025/26.
- 9 The table overleaf demonstrates the impact on the reserve balance at the end of the year for each of the options.

Option		Forecast Reserve Balance at end of year			
		2022/23 £	2023/24 £	2024/25 £	2025/26 £
1	Council Tax at £1.90 2023/24 to 2025/26	57,693	40,523	22,253	2,853
2	Council Tax at £2.00 2023/24 to 2025/26	57,693	43,151	27,509	10,767
3	Council Tax at £2.10 2023/24 to 2025/26	57,693	45,793	32,793	18,693

- 10 The working group considered the three options above and determined the following;
- (a) £1.90 – the group were uncomfortable that reserves could reduce to £2,853 in this option
  - (b) £2.00 – the group felt this approach was balanced with a forecast reserve balance of £10,767 in 2025/26 which would be a balance of circa 15% of the annual expenditure budget. It was also recognised that likely annual increases in tax base could supplement the financial position
  - (c) £2.10 – the group felt a reserve balance of £18,693 at the end of the period representing circa 25% of annual expenditure was overly prudent.
- 11 After taking the above into account the working group determined that a strategy of a £2.00 precept for 2023/24, 2024/25 and 2025/26 should be recommended to the Charter Trustees. This would require an increase of £0.10 (5.26%) in 2023/24.
- 12 The Charter Trustees should note that it is possible that the Charter Trust’s financial position could change. For example, the full budget may not be expended thus increasing reserves, the Charter Trustees may decide to increase or decrease budgets, or the Council Tax Support Grant may vary. It is important therefore that budgets are kept under constant review.

## **Recommendations**

- 13 It is recommended that the City of Durham Charter Trustees:
- (a) agree to a strategy of a £2.00 precept for 2023/24, 2024/25 and 2025/26;
  - (b) agree that this position will be kept under review on an annual basis:

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## **Appendix 1: Implications**

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### **Legal Implications**

None.

### **Finance**

The report provides information to enable Charter Trustees to consider the level of council tax and revenue budget requirement for 2023/24 to 2025/26.

### **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 Budget 2022/23**

<b>Budget</b>	<b>Forecast of Outturn</b>		<b>Proposed Budget</b>	<b>Inflation</b>
<b>2021/22</b>	<b>2021/22</b>		<b>2022/23</b>	
<b>£</b>	<b>£</b>		<b>£</b>	<b>%</b>
		<b>Employees</b>		
3,500	3,500	Mayor's Allowance	3,500	
1,500	1,500	Deputy Mayor's Allowance	1,500	
		<b>Premises</b>		
3,734	3,734	Town Hall	3,827	2.50%
		<b>Transport</b>		
6,729	2,500	Civic Car	6,897	2.50%
1,242	500	Bus Hire	1,273	2.50%
2,893	2,750	Sergeants at Mace/ Bodyguard	2,750	
		<b>Supplies &amp; Services</b>		
17,670	10,000	Mayor's hospitality	18,112	2.50%
514	514	General office expenses	527	2.50%
862	862	Insurance	884	2.50%
347	347	External Audit	356	2.50%
		<b>Support Services</b>		
18,763	18,000	Administration	19,326	3.00%
13,477	13,503	Finance, Clerk, legal, HR, IT	13,841	2.50%
		<b>Income</b>		
-30	-30	Bank interest	-30	
0	0	Mayor's Civic Dinner	0	
<b>71,201</b>	<b>57,680</b>	<b>Total Expenditure</b>	<b>72,763</b>	
-15,162	-1,641	<b>Transfer to/from Reserves</b>	-15,780	
-6,709	-6,709	<b>Council Tax Support Grant</b>	-6,787	
<b>49,330</b>	<b>49,330</b>	<b>Council Tax Requirement</b>	<b>50,196</b>	
25,963.20	25,963.20	<b>Tax base</b>	26,417.80	
1.90	1.90	<b>Band D Council Tax</b>	1.90	
<b>49,330.08</b>	<b>49,330.08</b>	<b>Council Tax Receivable</b>	<b>50,193.82</b>	

## Appendix 3: Proposed Budget – Option (a)

	Proposed Budget			
	2022/23	2023/24	2024/25	2025/26
<b>Basis of Budget preparation</b>	<b>Maintain Band D Council Tax at £1.90 in each year</b>			
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Employees</b>				
Mayor's Allowance	3,500	3,500	3,500	3,500
Deputy Mayor's Allowance	1,500	1,500	1,500	1,500
<b>Premises</b>				
Town Hall	3,827	3,904	3,962	4,022
<b>Transport</b>				
Civic Car	6,897	7,035	7,140	7,248
Bus Hire	1,273	1,298	1,318	1,338
Sergeants at Mace/ Body Guard	2,750	2,750	2,750	2,750
<b>Supplies &amp; Services</b>				
Mayor's hospitality	18,112	18,474	18,751	19,033
General office expenses	527	538	546	554
Insurance	884	902	915	929
External Audit	356	363	369	374
<b>Support Services</b>				
Administration	19,326	19,809	20,205	20,609
Finance/ Legal/ ICT/ HR	13,841	14,118	14,330	14,545
<b>Income - bank interest</b>	-30	-30	-31	-31
<b>Total Expenditure</b>	<b>72,763</b>	<b>74,160</b>	<b>75,255</b>	<b>76,369</b>
<b>Transfer from Reserves</b>	-15,780	-17,170	-18,270	-19,400
<b>Council Tax Support Grant</b>	-6,787	-6,787	-6,787	-6,787
<b>Council Tax Requirement</b>	<b>50,196</b>	<b>50,203</b>	<b>50,198</b>	<b>50,182</b>
<b>Forecast Reserves</b>	<b>57,693</b>	<b>40,523</b>	<b>22,253</b>	<b>2,853</b>
<b>Band D Council Tax</b>	<b>1.90</b>	<b>1.90</b>	<b>1.90</b>	<b>1.90</b>
<b>Council Tax Base</b>	26,417.80	26,417.80	26,417.80	26,417.80

## Appendix 4: Proposed Budget – Option (b)

Basis of Budget preparation	Maintain Band D Council Tax at £2.00 in each year 2023/24 to 2025/26			
	£	£	£	£
<b>Employees</b>				
Mayor's Allowance	3,500	3,500	3,500	3,500
Deputy Mayor's Allowance	1,500	1,500	1,500	1,500
<b>Premises</b>				
Town Hall	3,827	3,904	3,962	4,022
<b>Transport</b>				
Civic Car	6,897	7,035	7,140	7,248
Bus Hire	1,273	1,298	1,318	1,338
Sergeants at Mace/ Body Guard	2,750	2,750	2,750	2,750
<b>Supplies &amp; Services</b>				
Mayor's hospitality	18,112	18,474	18,751	19,033
General office expenses	527	538	546	554
Insurance	884	902	915	929
External Audit	356	363	369	374
<b>Support Services</b>				
Administration	19,326	19,809	20,205	20,609
Finance/ Legal/ ICT/ HR	13,841	14,118	14,330	14,545
<b>Income - bank interest</b>	-30	-30	-31	-31
<b>Total Expenditure</b>	<b>72,763</b>	<b>74,160</b>	<b>75,255</b>	<b>76,369</b>
<b>Transfer from Reserves</b>	-15,780	-14,542	-15,642	-16,742
<b>Council Tax Support Grant</b>	-6,787	-6,787	-6,787	-6,787
<b>Council Tax Requirement</b>	<b>50,196</b>	<b>52,831</b>	<b>52,826</b>	<b>52,840</b>
<b>Forecast Reserves</b>	<b>57,693</b>	<b>43,151</b>	<b>27,509</b>	<b>10,767</b>
<b>Band D Council Tax</b>	<b>1.90</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>
<b>Council Tax Base</b>	26,417.80	26,417.80	26,417.80	26,417.80



## **Appendix 5: Proposed Budget – Option (c)**

	Proposed Budget			
	2022/23	2023/24	2024/25	2025/26
<b>Maintain Band D Council Tax at £2.10 in each year 2023/24 to 2025/26</b>				
<b>Basis of Budget preparation</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Employees</b>				
Mayor's Allowance	3,500	3,500	3,500	3,500
Deputy Mayor's Allowance	1,500	1,500	1,500	1,500
<b>Premises</b>				
Town Hall	3,827	3,904	3,962	4,022
<b>Transport</b>				
Civic Car	6,897	7,035	7,140	7,248
Bus Hire	1,273	1,298	1,318	1,338
Sergeants at Mace/ Body Guard	2,750	2,750	2,750	2,750
<b>Supplies &amp; Services</b>				
Mayor's hospitality	18,112	18,474	18,751	19,033
General office expenses	527	538	546	554
Insurance	884	902	915	929
External Audit	356	363	369	374
<b>Support Services</b>				
Administration	19,326	19,809	20,205	20,609
Finance/ Legal/ ICT/ HR	13,841	14,118	14,330	14,545
<b>Income - bank interest</b>	-30	-30	-31	-31
<b>Total Expenditure</b>	<b>72,763</b>	<b>74,160</b>	<b>75,255</b>	<b>76,369</b>
<b>Transfer from Reserves</b>	-15,780	-11,900	-13,000	-14,100
<b>Council Tax Support Grant</b>	-6,787	-6,787	-6,787	-6,787
<b>Council Tax Requirement</b>	<b>50,196</b>	<b>55,473</b>	<b>55,468</b>	<b>55,482</b>
<b>Forecast Reserves</b>	<b>57,693</b>	<b>45,793</b>	<b>32,793</b>	<b>18,693</b>
<b>Band D Council Tax</b>	<b>1.90</b>	<b>2.10</b>	<b>2.10</b>	<b>2.10</b>
<b>Council Tax Base</b>	26,417.80	26,417.80	26,417.80	26,417.80