

# Charter Trustees for the City of Durham

11 December 2024

2025/26 Budget



City of Durham

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## Report of Rob Davisworth, Treasurer

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### 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 2025/26;
  - (b) basic level of council tax required for 2025/26;
  - (c) consider the council tax levels for the period up to 2028/29.

### Background

- 2 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 maintaining a £2.00 precept for Band-D Equivalents 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.
- 3 The County Council have requested that Town and Parish Council's advise them of their 2025/26 precept by 17 January 2025.

### Budget Assumptions

- 4 The following budget assumptions have been made and applied to the proposed budget:
  - (a) annual inflation of 1.7% in 2025/26, 2.6% in 2026/27, 2.3% in 2027/28 and 2.1% in 2028/29;

- (b) annual pay award of 3.0% in 2025/26, 2.5% in 2026/27, 2.0% in 2027/28 and 2.0% in 2028/29;
- (c) a reduction in the Local Council Tax Support Scheme Grant from £5,534 to £3,859;
- (d) an increase in the council tax base of 1.92%; from 26,903.0 Band-D Equivalents to 27,420.8 Band-D Equivalents.

## **Budget 2025/26**

- 5 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 £9,575 lower than the original budget. This will result in the sum required to be drawn from reserves reducing from £19,085 to £9,512. 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 2025/26 assumes business as usual.
- 6 Durham County Council has advised that the council tax base for 2025/26 will increase by 1.92% (from 26,903.0 Band D Equivalents for 2024/25 to 27,420.8 Band D Equivalents for 2025/26). Consequently, the council tax receivable will increase by £1,035.60 (from £53,806.00 to £54,841.60) at the current Band D Council Tax rate of £2.00.
- 7 Durham County Council previously 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 three years (2024/25 to 2026/27). The LCTRS grant payable to the Charter Trust for 2025/26 has reduced by £1,675 (from £5,534 to £3,859).

## **Budget Options**

- 8 Appendix 2 details the original budget for 2024/25 and the estimated budget for 2025/26. It has been calculated in the main by applying the budget assumptions, as set out in paragraph 4 and considering the forecast of outturn position for 2024/25. The approved budget and forecast of outturn for 2024/25 are shown for comparison and information purposes.

- 9 Two budget options are presented in the report to help the Charter Trustees consider the projected budget and reserve balance for the period 2025/26 to 2028/29 in order to agree the level of council tax precept.
- 10 The two options being proposed are as follows:
- a) **Option 1** – Maintain the Band D council tax at £2.00 in each year;
  - b) **Option 2** – Increase the Band D council tax by 5% each year.
- 11 The detailed budget options are included in Appendices 3 and 4 of this report.
- 12 The table below demonstrates the impact on the estimated closing reserve balance, at the end of each year of the medium-term financial planning period, for both of the council-tax setting options.

Option		Forecast Reserve balance at end of year				
		2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £
1	Maintain the Band D council tax at £2.00 in each year	58,375	45,516	30,060	13,205	(5,024)
2	Increase the Band D council tax by 5% each year	58,375	48,258	38,287	29,932	23,220

- 13 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 or the Charter Trustees may decide to increase or decrease budgets. It is important therefore that budgets are kept under constant review.

### Proposed Timetable

- 14 The deadline for approving the precept for 2025/26 is no later than 17 January 2025.

### Recommendations

- 15 It is recommended that the City of Durham Charter Trustees:
- (a) note the forecast of outturn position for 2024/25;

- (b) consider the options for council tax setting and determine a strategy for the MTFP;
- (c) note the deadline for agreeing the precept for 2025/26.

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**Contact: Ed Thompson, Tel. 03000 263481**

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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 2025/26 to 2028/29.

### **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 2025/2026

Budget 2024/25 £	Forecast of Outturn 2024/25 £		Proposed Budget 2025/26 £
		<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>	
4,098	4,098	Town Hall	4,168
		<b>Transport</b>	
10,500	12,000	Civic Car	12,000
1,364	1,350	Bus Hire	1,387
2,958	2,900	Sergeants at Mace/ Bodyguard	2,900
		<b>Supplies &amp; Services</b>	
14,000	10,000	Mayor's hospitality	11,000
910	910	General office expenses	925
908	848	Insurance	848
321	315	External Audit	315
		<b>Support Services</b>	
24,500	21,000	Administration	21,630
14,366	14,647	Finance, Clerk, legal, HR, IT	15,086
		<b>Income</b>	
0	(3,160)	Mayor's Civic Dinner	(3,200)
(500)	(1,058)	Bank interest	(500)
<b>78,425</b>	<b>68,850</b>	<b>Total Expenditure</b>	<b>71,560</b>
(19,085)	(9,512)	<b>Transfer to/from Reserves</b>	<b>(12,859)</b>
(5,534)	(5,532)	<b>Council Tax Support Grant</b>	<b>(3,859)</b>
<b>53,806</b>	<b>53,806</b>	<b>Council Tax Requirement</b>	<b>54,842</b>
26,903	26,903	<b>Tax Base</b>	<b>27,420.8</b>
2.00	2.00	<b>Band D Council Tax</b>	<b>2.00</b>
<b>53,806</b>	<b>53,806</b>	<b>Council Tax Receivable</b>	<b>54,842</b>

## Appendix 3: Proposed Budget – Option 1

	Proposed Budget			
	2025/26	2026/27	2027/28	2028/29
	£	£	£	£
<b>Basis of Budget Preparation: Maintain Band D Council Tax at £2.00 in each year</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	4,168	4,276	4,374	4,466
<b>Transport</b>				
Civic Car	12,000	12,312	12,595	12,860
Bus Hire	1,387	1,423	1,456	1,487
Sergeants at Mace/ Bodyguard	2,900	2,900	2,900	2,900
<b>Supplies &amp; Services</b>				
Mayor's hospitality	11,000	11,286	11,546	11,788
General office expenses	925	950	971	992
Insurance	848	870	890	909
External Audit	315	323	331	338
<b>Support Services</b>				
Administration	21,630	22,171	22,614	23,066
Finance, Clerk, legal, HR, IT	15,086	15,464	15,773	16,088
<b>Income</b>				
Mayor's Civic Dinner	(3,200)	(3,283)	(3,359)	(3,429)
Bank interest	(500)	(500)	(500)	(500)
<b>Total Expenditure</b>	<b>71,560</b>	<b>73,191</b>	<b>74,591</b>	<b>75,964</b>
<b>Transfer to/from Reserves</b>	<b>(12,859)</b>	<b>(15,456)</b>	<b>(16,856)</b>	<b>(18,228)</b>
<b>Council Tax Support Grant</b>	<b>(3,859)</b>	<b>(2,894)</b>	<b>(2,894)</b>	<b>(2,894)</b>
<b>Council Tax Requirement</b>	<b>54,842</b>	<b>54,842</b>	<b>54,842</b>	<b>54,842</b>
<b>Reserves</b>				
Opening Balance	58,375	45,516	30,060	13,205
Closing Balance	45,516	30,060	13,205	(5,024)
<b>Tax Base</b>	<b>27,421</b>	<b>27,421</b>	<b>27,421</b>	<b>27,421</b>
<b>Band D Council Tax</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>
<b>Council Tax Receivable</b>	<b>54,842</b>	<b>54,842</b>	<b>54,842</b>	<b>54,842</b>

## Appendix 4: Proposed Budget – Option 2

	Proposed Budget			
	2025/26	2026/27	2027/28	2028/29
	£	£	£	£
<b>Basis of Budget Preparation: Increase the Band D Council Tax by 5% each year</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	4,168	4,276	4,374	4,466
<b>Transport</b>				
Civic Car	12,000	12,312	12,595	12,860
Bus Hire	1,387	1,423	1,456	1,487
Sergeants at Mace/ Bodyguard	2,900	2,900	2,900	2,900
<b>Supplies &amp; Services</b>				
Mayor's hospitality	11,000	11,286	11,546	11,788
General office expenses	925	950	971	992
Insurance	848	870	890	909
External Audit	315	323	331	338
<b>Support Services</b>				
Administration	21,630	22,171	22,614	23,066
Finance, Clerk, legal, HR, IT	15,086	15,464	15,773	16,088
<b>Income</b>				
Mayor's Civic Dinner	(3,200)	(3,283)	(3,359)	(3,429)
Bank interest	(500)	(500)	(500)	(500)
<b>Total Expenditure</b>	<b>71,560</b>	<b>73,191</b>	<b>74,591</b>	<b>75,964</b>
<b>Transfer to/from Reserves</b>	<b>(10,117)</b>	<b>(9,971)</b>	<b>(8,355)</b>	<b>(6,712)</b>
<b>Council Tax Support Grant</b>	<b>(3,859)</b>	<b>(2,894)</b>	<b>(2,894)</b>	<b>(2,894)</b>
<b>Council Tax Requirement</b>	<b>57,584</b>	<b>60,326</b>	<b>63,342</b>	<b>66,358</b>
<b>Reserves</b>				
Opening Balance	58,375	48,258	38,287	29,932
Closing Balance	48,258	38,287	29,932	23,220
<b>Tax Base</b>				
<b>Band D Council Tax</b>	<b>2.10</b>	<b>2.20</b>	<b>2.31</b>	<b>2.42</b>
<b>Council Tax Receivable</b>	<b>57,584</b>	<b>60,326</b>	<b>63,342</b>	<b>66,358</b>