

Charter Trustees for the City of Durham

3 December 2014

2015/16 Budget Setting Process



City of Durham

Report of Jeff Garfoot, Treasurer

INTRODUCTION

- 1 The purpose of this report is to agree a timetable and process for setting the budget and council tax requirement for the Charter Trust for 2015/16.

BACKGROUND

- 2 A council tax requirement of £45,234 was agreed for 2014/15 which, after applying the Council Tax Support Grant and a transfer from reserves, allowed for a net expenditure budget of £59,417. The Band D Council Tax levied on the residents of the former City of Durham was £1.90 in 2014/15, which was half of the levy raised in 2013/14 (i.e. £3.80).
- 3 At the meeting held on 8 January 2014, Charter Trustees agreed to the utilisation of reserves to maintain the Band D equivalent Council Tax at £1.90 in each financial year from 2014/15 to 2018/19.

BUDGET ASSUMPTIONS

- 4 The following budget assumptions have been made and applied to the proposed budget for 2015/16:
 - annual inflation of 1.5%;
 - annual pay award of 2.2%;
 - reduction in the Council Tax Support Grant in line with advice received from Durham County Council; from £9,488 to £8,064;
 - a slight increase in the council tax base of 1.58% (from 23,807.6 to 24,183.4).

BUDGET 2015/16

- 5 In order to set a robust and accurate budget Trustees ought to take into account the:
 - forecast outturn position for the current year;
 - anticipated price increases;
 - future level of service provision required.
- 6 Durham County Council has advised that the council tax base for 2015/16 will increase by 375.8 (from 23,807.6 to 24,183.4). Consequently the council tax receivable will increase by £714 (from £45,234.44 to £45,948.46) at the current Band D Council Tax rate of £1.90.
- 7 The latest forecasts suggest that Government funding for Durham County Council in 2015/16 and beyond will significantly reduce. Assuming the same level of grant reduction is passed on to Town and Parish Councils and the Charter Trust, it is anticipated that the Local Council Tax Support Grant payable to the Charter Trust for 2015/16 will reduce to £8,064 (by £1,424 from £9,488 in 2014/15).
- 8 Trustees should also bear in mind there is a possibility for Government to extend the Council Tax capping controls to Town and Parish Councils from 2015/16.

PROPOSED BUDGET 2015/16

- 9 A proposed budget is attached at Appendix B. It has been calculated by applying the budget assumptions, as set out in paragraph 4, to the indicative budget for 2015/16 which was agreed in principle by the Charter Trustees at the 8 January 2014 meeting. The approved 2014/15 budget is also shown for comparison purposes.
- 10 In order to maintain Band D Council Tax at £1.90, a transfer from reserves of £6,883 would be required in order to balance the budget for 2015/16.
- 11 Taking into account the latest projected outturn position for 2014/15 and the proposed transfer from reserves of £6,883 to balance the 2015/16 budget, the total level of reserves is estimated to reduce to £60,214 as at 31 March 2016.

PROPOSED TIMETABLE

- 12 The deadline for approving the precept for 2015/16 is no later than 30 January 2015. There is a meeting of the Charter Trustees arranged for 21 January 2015 and it is recommended that this meeting be used to agree the budget and council tax requirement.

RECOMMENDATIONS

13 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 2015/16 and report their recommendations to Charter Trustees at the meeting on 21 January 2014;
- utilise the meeting arranged on 21 January 2015 to agree the precept;
- note the deadline for agreeing the precept for 2015/16 of 30 January 2015.

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 2015/16.

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

Charter Trustees for the City of Durham

Proposed Budget 2015/16

Budget 2014/15 £		Budget as agreed on 8 Jan 2014 2015/16 £	Proposed Budget 2015/16 £	Inflation applied
	Employees			
0	Mayor's Allowance		0	
0	Deputy Mayor's Allowance		0	
0	NI contributions		0	
2,750	Sergeants at Mace/ Bodyguard	2,791	2,964	2.20%
	Premises			
3,348	Town Hall	3,398	3,398	1.50%
	Transport			
6,030	Civic Car	6,120	6,120	1.50%
1,200	Bus Hire	1,218	1,218	1.50%
	Supplies & Services			
15,525	Mayor's hospitality	15,758	15,758	1.50%
400	General office expenses	406	406	1.50%
2,057	Insurance	2,088	2,088	1.50%
450	External Audit	457	457	1.50%
	Support Services			
15,697	Administration	15,932	16,263	2.20%
12,000	Finance, Clerk, legal, HR, IT	12,180	12,264	2.20%
-40	Income - bank interest	-40	-40	
59,417	Total Expenditure	60,308	60,896	
-4,695	Transfer from Reserves	-6,969	-6,883	
-9,488	Council Tax Support Grant	-8,105	-8,064	
45,234	Council Tax Requirement	45,234	45,949	
23,807.60	Tax base		24,183.40	
1.90	Band D Council Tax		1.90	
45,234.44	Council Tax Receivable		45,948.46	