

CHARTER TRUSTEES FOR THE CITY OF DURHAM

At the **Meeting** of the **Charter Trustees for the City of Durham** held in the Committee Room 1B, County Hall, Durham, on Wednesday 6 December 2017 at 12.10 pm

Present: The Right Worshipful the Mayor of Durham, Councillor B Kellett (in the Chair) and Councillors D Bell, J Blakey, J Chaplow, K Corrigan, D Freeman, A Hopgood, R Ormerod, M Simmons, J Turnbull, L Brown, S Dunn, L Hovvels, C Marshall, M McKeon, F Tinsley and M Wilson

Also Present:

Councillor J Lethbridge

1 Apologies for Absence

Apologies for absence were received from Councillors D Hall, C Marshall and P Taylor.

2 Minutes

The minutes of the meeting held on 1 November 2017 were confirmed as a correct record and signed by the Mayor.

3 Declarations of interest

There were no declarations of interest.

4 2018/19 Budget

Charter Trustees considered a report of the Treasurer that provided information to enable Charter Trustees to determine the appropriate budget requirement for the Charter Trust for 2018/19, basic level of council tax required for 2018/19 and to consider the council tax levels for the period up to 2021/22 (for copy see file of minutes).

The Treasurer reported that the council tax base for 2018/19 would increase by £869.50 to £25,887.20 for 2018/19 and the Local Council Tax Support Scheme Grant for 2018/19 would decrease by £799 to £6,141 and was likely to continue to be reduced in 2019/20. In order to maintain the precept at £1.90, a transfer of £12,086 from reserves would be required, with the total level of reserves estimated to reduce to £51,482 from 31 March 2019.

At the last meeting, the Treasurer was asked to provide a projected budget for the financial years 2019/20 to 2021/22, which included the assumed annual inflation and

annual pay award, however the projections were based on no change to the council tax base and no decrease in the Local Council Tax Support Scheme Grant after 2019/20.

The Treasurer advised that if Charter Trustees agree to the utilisation of reserves to maintain the Band D equivalent Council Tax at £1.90 in each financial year from 2019/20 to 2021/22, the level of reserves was estimated to reduce to £7,133. He explained that if the estimated reserve balance was to be maintained and not used to support the budget for 2022/23, the Band D equivalent Council Tax would need to be increased from £1.90 to £2.55 in order to balance the projected budget of £65,909 net expenditure for 2022/23.

Councillor Hopgood was minded to move to agree all proposals including setting the precept to 2021/22 with an option to increase the precept earlier should something unexpected arise. Councillor Blakey agreed and added that major developments around the city areas would provide the ability to increase precept and cover costs.

In response to a query from Councillor Tinsley regarding Parish Council precept, the Treasurer explained that at present, nothing had been announced from government to reduce the referendum limit on Town and Parish Councils and the expectation was that only significantly sized Town and Parish Councils would be affected. He added that if the government were to bring in the 2% referendum option, it would be on the basis of Town and Parish Councils with a precept above a certain value and would not impact on the Charter Trust.

Councillor Dunn expressed concerns with determining the Council Tax precept 4 years in advance. The forecasted closing balance for 2021/22 would leave a questionable level of reserves and any increased inflation between 2018 and 2022 could eliminate reserves entirely. He was happy to note the proposal and asked the Treasurer to advise on the prudent level of reserves, taking into account inflation.

The Treasurer advised that Charter Trustees only had to approve precept a year in advance. He confirmed that the budget would still be reported back to Charter Trustees annually for consideration and would continue to be reviewed regularly throughout the year. Regarding the reserve level, for an organisation of the Charter Trust size, he recommended holding a 10% reserve level based on a £65k turnover.

Resolved:

- i) That the council tax requirement of £49,186 and a £1.90 precept for 2018/19 be approved;
- ii) That the precept of £1.90 for financial years 2019/20 to 2021/22 be agreed in principal. This position will be kept under annual review with the Trustees understanding that there is always the option to increase earlier if something unexpected were to arise.