

**2012/13 REVENUE AND CAPITAL BUDGET
YEAR END OUTTURN POSITION**

AGENDA ITEM NO.

MEETING: POLICY AND RESOURCES

DATE: 5TH JUNE 2013

REPORT BY: FINANCE MANAGER

1.0 Purpose of the Report

- 1.1 The purpose of this report is to provide Member's with details of the final year end position on the Council's approved Revenue and Capital Budgets for the 2012/13 financial year.
- 1.2 The report also outlines the year-end position on the Council's Balances and Reserves and sets out key financial information from the Balance Sheet including loans, investments and outstanding debtors.
- 1.3 The Council's statutory Statement of Accounts will be presented to a meeting of Full Council on the 26th June.

2.0 Summary of the Year End Financial Position

- 2.1 The Council set a **2012/13 Revenue Budget**, as represented by the Precept, of **£1,624,400**.
- 2.2 **Actual final spending** for the year was **£1,310,384**.
- 2.3 There was therefore an **overall year end saving of £314,016** representing nearly 20% of the Precept.
- 2.4 This included the planned £50,000 contribution to capital reserves and the main reasons for the remaining £264,016 saving on the Revenue Budget can be summarised as follows:-
- Limited use of contingency sum;
 - Officer pay freeze;
 - Sports complex staffing restructure;
 - Catering apprentice not appointed;
 - High pre-school funding due to both settings being full all year;
 - Savings on the new insurance contract;
 - Savings on the new brewery contract;
 - Neighbourhood plan not developed and officer not appointed
 - Higher than expected returns from the solar panel system;
 - Savings on members and civic costs;
 - Reduced external audit fees;
 - CCTV running costs not billed as cameras out of operation;
 - Savings on planting as county council flower beds not taken on;
 - Savings on sports complex running costs and increased income;
 - Savings on the running costs of special events;
 - Savings on the running costs of the golf complex;

- 2.5 A sum of **£10,150** has been identified in respect of **on-going commitments** that is required **to be carried forward** in the Revenue Budget Support Reserve **to support the 2013/14 Revenue Budgets**. This includes the carry forward of the brewery sponsorship monies and the unspent donations and youth council grant budgets.
- 2.6 More detail on the overall Revenue Budget position as well as commentary on the savings achieved in each Committee area is included in Sections 3, 4 and 5 of the Report.
- 2.7 The Council approved a **Capital Programme Budget for 2012/13** totalling £221,750. This was then increased to **£331,500** to account for the carry forward of outstanding commitments at the end of 2011/12 totalling £91,500, and additional budget approvals totalling £18,250.
- 2.8 In addition, grant funding totalling £55,000 was secured from the Great Aycliffe and Middridge Area Action Partnership (GAMP) to install fitness equipment in West Park, improve the BMX track at Woodham Village and extend the skate park in the Town Park.
- 2.9 **Final spending on the Capital Programme Budget totalled £236,581** of which £61,076 was funded from external capital contributions, with the remaining £175,505 funded from the Council's Earmarked Capital Reserves.
- 2.10 However, the Council still had a number of **on-going Capital Programme requirements at the end of the year totalling £62,250**. These include disabled access works at the Sports Complex and replacement computer servers and equipment. Some of the under spend on the 2012/13 Capital Programme Budget will therefore need to be carried forward to 2013/14 to meet the cost of these works.
- 2.11 More detail on the Capital Programme position is provided in Section 6 of the Report.
- 2.12 The £314,016 saving delivered on the Revenue Budget was transferred to the Council's Balances and Reserves at the end of the year. After accounting for the financing of the Capital Programme as set out above, **the Council was able to carry forward year end Balances and Earmarked Reserves of just under £950,000**.
- 2.13 However, the funding of the on-going Revenue Budget and Capital Programme requirements referred to in paragraphs 2.5 and 2.10, as well as an outstanding bill from Durham County Council for bi-elections held during the year, would reduce Balances to around £850,000.
- 2.14 The funding of the 2013 Town Council Election and the 2013/14 Capital Programme Budget net of the planned £50,000 contribution to capital reserves from the 2013/14 Revenue Budget, would then see **Balances and Reserves fall to around £750,000 by the end of 2013/14**.
- 2.15 The Council's Balances and Reserves are in a better position than was originally estimated in the last Medium Term Financial Plan and this places the Council in a relatively healthy financial position.

- 2.16 This will be important moving forward as the Council faces a number of challenges in the years ahead, in particular in relation to the localisation of support for council tax which has left the Council reliant on £300,000 of government funding the future receipt of which is not certain.
- 2.17 The update of the Council's Medium Term Financial Plan is due to be reported to the July meeting and will set out the Council's financial strategy for the five year period 2013/14 to 2017/18, incorporating this changed financial situation and how the Council may need to respond to the challenges that lie ahead.

3.0 2012/13 Year End Revenue Budget Position

- 3.1 A detailed breakdown of the financial position on the Council's Revenue Budget, broken down by each Committee and also by individual service areas is attached in **Appendix 1** to the report.
- 3.2 The attached figures set out the following information:-
- The approved annual Budget for each service area;
 - The actual income and expenditure for the year as recorded in the Council's Accounts;
 - The variance between the approved annual Budget and the actual outturn for the year;
 - An explanation of any significant variances between approved budgets and actual outturn i.e. savings or overspending.
- 3.3 It should be noted that the year-end outturn figures reflect the inclusion of a number of accounting entries required in order to comply with 'proper accounting practices'.
- 3.4 The first of these relates to the recharge of costs relating to the works section and central support services such as administration and finance to front line service areas. These recharges are made as proper accounting practices require the Council to show the full cost of each service that it provides within the end of year Accounts.
- 3.5 As a result the year end figures therefore reflect the full reallocation of the staffing costs of the Works Section and central support services to front line service areas, based on actual time worked, as recorded on weekly timesheets, as well as a proportion of overhead costs.
- 3.6 The year-end figures also reflect the inclusion of a depreciation charge in respect of the fixed assets used in each service area. The depreciation charge is a notional accounting entry, designed to measure the economic benefits of the fixed assets utilised in each service area e.g. buildings, plant, vehicles, machinery etc.
- 3.7 The depreciation charge reflects the fact that fixed assets have a limited useful life, will reduce in value over that life, and will ultimately need to be replaced. Depreciation must therefore be charged to the appropriate revenue budget in order to properly reflect the total cost of each service.

- 3.8 However, it is important to note that depreciation is a notional cost rather than an actual expense. Depreciation is not intended to impact upon the calculation of the Precept and setting of the council tax and is therefore reversed out of the Council's Revenue Budget before calculating the Precept and year-end outturn figures.
- 3.9 The table below provides a summary of the final position on the Council's Revenue Budget for 2012/13:-

Cost Centre by Committee	Budget 2012/13 £	Actual to Date £	(Saving) / Overspend £
<u>Policy and Resources</u>			
Members and Civic	73,900	67,220	(6,680)
Finance Service	66,150	61,089	(5,061)
Administration Service	126,850	109,398	(17,452)
Corporate Services	277,300	220,965	(56,335)
Pre Schools	36,550	(18,377)	(54,927)
Works Department	149,000	127,936	(21,064)
Depot	40,450	39,078	(1,372)
Capital Financing Charges	26,150	25,592	(558)
Total	796,350	632,901	(163,449)
<u>Recreation</u>			
Special Events	145,650	132,554	(13,096)
Sports Complex	345,050	278,214	(66,836)
Sports Pitches	25,600	20,223	(5,377)
Golf Course	74,650	101,332	26,682
Driving Range	23,200	20,948	(2,252)
Parks	246,850	221,636	(25,214)
Play Areas	87,850	76,579	(11,271)
Total	948,850	851,486	(97,364)
<u>Environment</u>			
Environment	130,100	130,685	585
Public Conveniences	-	927	927
Street Equipment	16,150	16,049	(101)
Allotments	1,800	3,156	1,356
Cemeteries	14,400	20,605	6,205
Church Works	9,250	10,486	1,236
Total	171,700	181,908	10,208
Depreciation Removal	(362,500)	(359,844)	2,656
Contingency Sum	20,000	3,933	(16,067)
Transfer to Reserves	50,000	50,000	-
Precept	1,624,400	1,360,384	(264,016)

- 3.10 As can be seen in the above summary, there was an **overall year end saving on the Council's Revenue Budgets of £264,016 or 16%**.
- 3.11 Including the budgeted £50,000 contribution to capital reserves there was therefore a **total contribution to Council Balances for the year of £314,016**.
- 3.12 Detailed commentary on the Revenue Budget position is provided in the following section of the Report.

4.0. Commentary on Revenue Budget Position by Committee

4.1 Policy and Resources Committee

There was a **substantial saving of £163,449 or over 20%** on the Policy and Resources Committee Budgets during 2012/13.

There are a number of reasons for these savings are these are explained in detail below:-

- Pre-school funding and fees income was nearly £50,000 higher than budgeted as both pre-schools have been full all year. When the funding budgets were set back in December 2011, waiting lists were not full and the income budgets were set lower as a result;
- An officer was not appointed to facilitate the development of the neighbourhood plan resulting in a saving of £24,000;
- Officer pay was again frozen in 2012/13 which saved around £25,000 across the administration, finance, corporate, pre-school and works staffing budgets;
- Durham County Council flower beds were not taken over saving £12,000 on the bedding plants budget;
- Feed In Tariff returns from the Council Offices solar panel system were £6,000 higher than expected;
- There have been savings on the new insurance contract totalling £3,500 across the Policy and Resources Budgets;
- Audit Commission fees have reduced by nearly £5,000 per year;
- CCTV running costs were not payable this year due to the cameras being out of operation, saving £10,000;
- Limited training and conferences have been attended by Members and there have been savings on civic functions and hospitality, totalling £4,000;
- There have been further savings on running costs across all service areas totalling nearly £25,000 including savings on staff training, service contracts, machine rentals, printing, subscriptions, I.T costs, best value, and the youth council and donations budgets.

However it should be noted that the cost of the bi-elections held during the financial year has still not been billed by Durham County Council. These will be charged to the Policy and Resources Budgets during 2013/14 and funded from Council Balances.

4.2 Recreation Committee

There was a **significant saving of £97,364 or over 10%** on the Recreation Committee Budgets during 2012/13.

The main factors contributing towards the achievement of these savings are as follows:-

- Savings of £13,000 on the running costs of special events, including Aycliffe Show which came in nearly £6,000 under budget, a saving of over £2,000 on Christmas lights due to lamp post inspections not being required and a saving of over £2,000 on senior citizens trips from unallocated spaces;
- Significant savings on the new Council insurance contract across the Recreation Revenue Budgets totalling £11,500;
- Savings of nearly £24,000 on Sports Complex staffing costs as a result of the pay freeze, a staffing restructure that has resulted in reduced reception, attendant, bar and catering working hours and a catering apprentice not being appointed;
- Savings of over £8,500 on gas and electricity costs at the Sports Complex as a result of energy efficiency measures;
- Savings of nearly £11,000 on Sports Complex catering and vending machine stocks as a result of a downturn in usage and demand;
- Significant savings of over £12,500 on bar supply costs as a result of the new brewery contract;
- Savings of over £3,500 on Sports Complex coaching courses as a result of the increased use of 'in house' coaches;
- Further savings of over £10,000 on other Sports Complex running costs including training, service contracts, equipment, machine rentals and marketing;
- Increased Sports Complex income totalling £17,500 including significantly increased gaming machine income as well as increased badminton, squash, five a side, bowls, and hot drinks income, as well as the new brewery sponsorship deal;
- Savings of over £5,000 on sports pitch running costs;
- Savings of nearly £15,000 on golf complex running costs;
- Savings of over £5,000 on parks and play area maintenance costs,
- £23,000 less charged to parks and play areas in works section recharges as a result of one member of staff leaving the Council, the expanding role of the Parks Patrol Service and less time spent supporting capital projects and undertaking maintenance.

However these savings have been partly offset by shortfalls in income at the Oak Leaf Sports and Golf Complex.

Sports complex bar and catering income fell nearly £22,000 below target although it is important to point out that these losses have been more than offset by the savings in running costs as highlighted above and that some of the fall in bar income can be attributed to the reduced prices implemented following the award of the new brewery contract.

There have also been substantial falls in Golf Complex income during the year as a result of the very wet weather and the on-going economic difficulties. Golf course income was nearly £35,000 below target, while driving range income was around £4,500 under budget.

4.3 Environment Committee

There was **an over spend of £10,208 or just under 6%** on the Environment Committee Budgets during 2012/13.

The main factors contributing towards this over spend position were as follows:-

- Increased time spent by works staff supporting environment related issues such as the maintenance of Durham County Council environmental areas and capital projects such as the roofing works at the cemeteries and St Oswald's allotments extension;
- Reduced cemeteries income as a result of a lower number of interments during the year;
- Increased environment waste disposal charges; and
- Unbudgeted repairs to Humphrey Close bridge.

4.4 Revenue Budget Contingency Sum

A total of £3,933 was used from the Revenue Budget Contingency Sum earlier in the year to support the £6,933 donation awarded to the Citizens Advice Bureau. The remainder of this donation was funded from the Revenue Budget Support Reserve.

No further use of the contingency sum was required which resulted in a further saving to the Revenue Budget of £16,000 for the year.

5.0 Revenue Budget Support Reserve

5.1 Use of Budget Support Reserve in 2012/13

Members may recall that as part of the approval of the 2011/12 year end position, a total of £40,512 was transferred from the 2011/12 Revenue Budget savings to the Revenue Budget Support Reserve, to provide support the 2012/13 Revenue Budget.

These resources were set aside to fund a number of issues that were on-going at the end of year and for which additional budget was expected to be required. Resources have subsequently been transferred from the Budget Support Reserve to the Revenue Budgets during the year to meet expenditure on these issues.

An analysis of the resources set aside within the Revenue Budget Support Reserve and the actual use of these resources during the year is attached at **Appendix 2** for Members information.

This shows that a total of £8,037 has been transferred to service revenue budgets during the year. This resulted in an unused balance of £36,475 being transferred back to Council Balances and Reserves.

The unused balance includes the resources that have not been required to support the production of the neighbourhood plan, which has been delayed into next year, the resources to provide cover for long term staff sickness, which has been able to be managed without the need for significant overtime or agency staff, and the resources for a residents satisfaction survey, which has not been undertaken.

5.2 Proposed Revenue Budget Carry Forward to 2013/14

A total of **£10,150** has been identified that is required to be transferred from the 2012/13 Revenue Budget savings to the Revenue Budget Support Reserve, and **carried forward to provide support the 2013/14 Revenue Budgets.**

This includes the carry forward of the new brewery sponsorship monies and the unspent balances on the donations and youth council budgets to support a possible donation to the Citizens' Advice Bureau.

These carry forward requirements are highlighted in **Appendix 3** for Members approval.

6.0 2012/13 Year End Capital Programme Budget Position

6.1 The Council approved an original Capital Programme Budget for 2012/13 totalling £221,750.

6.2 This was then increased to £313,250 to account for the carry forward of outstanding commitments at the end of 2011/12 totalling £91,500. This carry forward was approved by Policy and Resources Committee on 30th May 2012.

6.3 The **2012/13 Capital Programme Budget** has since been increased to **£331,500**, following additional budget approvals totalling £18,250 to provide for the upgrade the Council Offices electricity supply following the installation of the solar panel system last year, and the replacement of the boiler at St Oswald's Pre School.

6.4 In addition to the Council Budget, external grant funding totalling £55,000 was secured from the Great Aycliffe and Middridge Area Action Partnership (GAMP) which enabled the Council to install fitness equipment in West Park, improve the BMX track at Woodham Village as well as the extend the skate park in the Town Park.

6.5 A capital contribution of £6,250 was also secured from John Meynell Funeral Services towards the roof replacement at Stephenson Way Cemetery and a contribution of £512 from the Rotary Club towards the war memorial improvements.

6.6 The revised 2012/13 Capital Programme Budget is attached at **Appendix 4** including a full breakdown of the adjustments made to the budget since it was originally approved.

6.7 **Final spending on the Capital Programme Budget in 2012/13 totalled £236,581**, and this was financed as follows:-

Capital Grants and Contributions	£61,076
Earmarked Capital Reserves	£175,505
Total Financing of Capital Programme	£236,581

6.8 Projects completed during the year included:-

- Purchase of two new works vehicles;
- Upgrade of the council offices electricity supply
- Resurfacing of the show field running track;
- Various works at the Oak Leaf Sports Complex including the replacement of the bar roof, drainage repairs, cavity wall insulation, sports hall wall repairs, and internal decoration;
- Demolition of West Park boathouse and Simpasture toilets;
- Replacement of Stephenson Way Cemetery roof;
- Footpath and play area surfacing repairs;
- Refurbishment of Moore Lane football changing rooms;
- Installation of fitness equipment at West Park;
- Installation of a BMX track at Woodham Village; and
- Extension of the skate park at the Town Park.

6.9 The final outturn against the 2012/13 Capital Programme Budget, after accounting for the capital contributions referred to in paragraph 6.4 and 6.5 was therefore £156,000 less than budgeted.

6.10 This is because a number of projects did not ahead such as the refurbishment of Simpasture football changing rooms, replacement of the golf shop roof and demolition of Aycliffe Village toilets, while there have also been lower than expected costs on many capital projects.

6.11 However, the Council still had a number of **outstanding Capital Programme requirements at the end of the year totalling £62,250**. These included disabled access works at the sports complex and replacement computer servers and equipment.

6.12 It is therefore requested that some of the under spend on the 2012/13 Capital Programme Budget is therefore carried forward to 2013/14 to meet the cost of these works.

6.13 A detailed breakdown of the final actual spending position on the Council's 2012/13 Capital Programme and the projects that are required to be carried forward to 2013/14 is attached at **Appendix 5**.

6.14 The **Capital Programme Budget for 2013/14** was originally set at £125,000. Including the carry forward referred to above, the revised 2013/14 Capital Programme Budget would therefore now be **£187,250**.

6.15 Full details of the Council's Capital Programme Budget commitments for the five year period 2013/14 to 2017/18 will be set out in the update of the Medium Term Financial Plan which is due to be reported to the July meeting of the Committee.

7.0 Council Balances and Reserves

7.1 The movement on the Council's Balances and Earmarked Reserves during the year is summarised below:-

Balances held at 1st April 2012:

General Fund Balance	60,730
Revenue Budget Support Reserve	40,512
Earmarked Capital Reserves	675,000
Unused Capital Grants and Contributions	13,042
Unused Capital Receipts	20,291
Total Opening Balances and Earmarked Reserves	809,575

Add Contribution to Balances during 2012/13:

2012/13 Revenue Budget Saving	264,016
Contribution to Capital Reserves from Revenue Budget	50,000
GAMP Area Grant for Fitness Equipment	11,607
GAMP Area Grant for BMX Track	22,780
GAMP Area Grant for Skate Park Extension	19,994
John Meynall Contribution to Roofing Works	6,182
Rotary Club Contribution for War Memorial	513
Capital Receipt Claw Back Reduction	154
New Brewery Sponsorship	4,000
Total Contribution to Balances and Reserves	379,246

Less Use of Balances during 2012/13:

Use of Capital Contributions	(61,076)
Use of Earmarked Capital Reserves	(175,505)
Use of Revenue Budget Support Fund	(8,037)
Total Use of Balances and Reserves	(244,618)

Balances held at 31st March 2013:

General Fund Balance	125,565
Revenue Budget Support Reserve	10,150
Earmarked Revenue Reserves	75,000
Earmarked Capital Reserves	700,000
Unused Capital Grants and Contributions	13,042
Unused Capital Receipts	20,446
Total Closing Balances and Earmarked Reserves	944,203

7.2 **As can be seen above, the Council's Balances and Reserves have increased over the course of the year by nearly £135,000 from £809,575 to £944,203.**

7.3 This has been achieved despite funding capital investment of over £200,000 and is largely as a result of the significant savings that continue to be achieved on the Council's Revenue Budget, as well as the Council's success in securing capital external funding.

7.4 The balances held at the end of the year have been set aside in a number of balances and reserves set aside for various purposes. These are summarised on the following page:-

- **General Fund Balance** which represents the funds available to meet any significant unforeseen costs or shortfalls in income on the Council Revenue Budget. In light of the recent changes to the Council's financial situation following the localisation of support for council tax, this balance has been increased to represent around 10% of the Council's 2013/14 Precept.
- **Revenue Budget Support Reserve** which provides for the carry forward of unspent Revenue Budget resources from one year to the next to fund on-going spending commitments.
- **Earmarked Revenue Reserves** which are set aside to meet specific Revenue Budget requirements as follows:-
 - **Neighbourhood Plan Reserve** which is set aside to support the production of the Neighbourhood Plan over the next few years.
 - **Elections Reserve** which is set aside to meet the costs of the recent Election and Bi Elections.
- **Earmarked Capital Reserves** which are set aside to meet specific future capital investment requirements as set out in the Council's Asset Management Plan as follows:-
 - **Building Works Reserve** which is set aside to meet the costs of planned works required to the Council's buildings.
 - **Vehicle and Machinery Reserve** which is set aside to meet the costs of the future replacement of Council vehicles and machinery.
 - **Parks and Play Equipment Reserve** which is set aside to fund parks related capital investment and the cost of replacing and upgrading play equipment.
 - **Street Equipment Reserve** which is set aside to meet the cost of replacing street equipment such as bus shelters, street lighting, seating and bins.
 - **Sports and Golf Complex Reserves** which are held to fund non-building related capital investment specific to the sports and golf complex including replacement of machinery and equipment relating to these facilities.
 - **ICT and Office Equipment Reserve** which is set aside to meet the costs of any major computer related investment such as new servers and computers and office equipment such as telephone systems and photocopiers.
- **Unused Capital Grants and Contributions** which are the balance of previously received capital grants and contributions that have not yet been utilised in funding capital expenditure.
- **Unused Capital Receipts** which is the balance of receipts from previous land sales that have not yet been utilised funding capital expenditure.

- 7.5 During 2013/14 the following movement in the Council's Balances and Reserves is anticipated:-
- The funding of the outstanding bill from Durham County Council for the bi-elections held during the year of around £27,500;
 - The funding of the Revenue Budget and Capital Programme carry forward requirements from 2012/13 totalling £72,500;
 - The funding of the 2013 Town Council Elections expected to total around £25,000;
 - The funding of the 2013/14 Capital Programme Budget totalling £125,000; and
 - The planned £50,000 contribution to capital reserves from the 2013/14 Revenue Budget.
- 7.6 This would see **Balances and Reserves fall to around £750,000 by the end of 2013/14**. However balances would be higher than this if savings continue to be delivered on the Council Revenue Budget as they have been in recent years.
- 7.7 In overall terms, the Council's Balances and Reserves are in a better position than was originally estimated in the last Medium Term Financial Plan and this places the Council in a relatively healthy financial position at the present time.
- 7.8 This strong financial position will be important moving forward as the Council faces a number of challenges in the years ahead that may have an adverse impact on its finances.
- 7.9 For example the recent localisation of support for council tax has left the Council Revenue Budget reliant on £300,000 of government funding. This has created much uncertainty and concern for subsequent years as the future receipt of this funding is not certain.
- 7.10 The update of the Council's Medium Term Financial Plan is due to be reported to the July meeting and will set out the Council's financial strategy for the five year period 2013/14 to 2017/18, incorporating this changed financial situation and how the Council may need to respond to the challenges that lie ahead.

8.0 Balance Sheet Issues

- 8.1 In line with best practice guidance on Balance Sheet Management, it is considered prudent to report on and consider the following key areas from the Council's Balance Sheet, that may have a material impact on the Council's finances if not reviewed on a regular basis:-
- External Loan Debt i.e. monies borrowed by the Council.
 - Short Term Investments i.e. surplus cash invested by the Council.
 - Current Debtors i.e. sums owed to the Council by its customers.
- 8.2 However, it should be noted that all of these areas will be covered in greater detail in the Council's Statement of Accounts, which is due to be presented to the Special Meeting of the Policy and Resources Committee on 26th June.

8.3 External Loan Debt

The Council currently has two annuity loans outstanding with the Public Sector Loans Board. The total amount of the loans outstanding at the beginning of the financial year was £235,199.

Interest payable on the existing loans totalled £14,297 in the current financial year, while principal repayments totalled £12,033.

The total balance of **loans outstanding at the 31st March 2013** was therefore **£223,166**.

There are currently no plans to refinance or repay early any of the Council's existing loans as doing so would require use of Council Balances and would incur significant premiums as interest rates are currently so low.

However, options for the possible refinancing or early repayment of the Council's outstanding loans are kept under annual review by the Finance Manager and proposals would be brought forward for consideration by Members if it was considered financially advantageous to do so.

There are no plans to undertake any additional borrowing during the five year period covered by the Medium Term Financial Plan.

8.4 Short Term Investments and High Interest Bank Accounts

The Council's short term investments are made up of the Council's surplus cash flow resources and its earmarked balances and reserves.

The Council currently invests its surplus balances and reserves in a 100 day notice bank account, although it did invest balances in a bank treasury deposit earlier in the year when the interest rates were more favourable on this investment.

As at the 31st March 2013, a total of £752,596 was held in the 100 day notice account, with the remainder of the Council's balances and reserves being held in the main bank account.

Interest receivable from previously held treasury deposit investments and the Council's bank accounts totalled £4,592 in 2012/13.

The Council's Treasury Management Code of Practice sets out the Council's borrowing and investment strategy and the arrangements for managing the Council's loans and investments.

8.5 Debtors

Debtors are any outstanding income that is due to the Council and relate mainly to fees and charges for services the Council provides that have not yet been paid for.

Prompt recovery of debtors has a positive effect on the Council's cash-flow and outstanding debt should therefore be actively managed so as to minimise payment times and debts written off as uncollectable.

Debt recovery action is the responsibility of the Finance Section and the Council's Income Collection and Debt Recovery Policy sets out the procedures to be followed by the Finance Section and all staff with responsibility for raising debtor's invoices.

The level of outstanding debt at 31st March 2013 was low at £6,000 with only six invoices currently outside of the approved payment terms. Payment is expected to be made in respect of all of these invoices and it is not anticipated that there will be any problems clearing this debt.

The Council's outstanding debt position will continue to be closely monitored and reported to Committee every quarter.

9.0 Impact on Great Aycliffe Town Council

- 9.1 The regular monitoring and reporting of Council spending and income, balances and reserves and overall financial position helps to ensure that the Council can manage its finances prudently and deliver value for money to the local community.

10.0 Policy Implications

- 10.1 The regular monitoring and reporting of the Council's financial position contributes to the following Strategic Aims:-

Aim 1 "To provide good quality governance and management of the Council".

Aim 2 "To manage the Council's finances and assets in a responsible manner".

11.0 Staffing Implications

- 11.1 All of the year-end figures set out in the report have been discussed and agreed with the appropriate budget managers.

12.0 Financial Implications

- 12.1 The financial implications are fully set out in the report and appendices.

13.0 Crime and Disorder Implications

- 13.1 None.

14.0 Equal Opportunities Implications

- 14.1 None.

15.0 Environmental Implications

15.1 None.

16.0 Risk Assessment

16.1 Effective budgetary control is a key factor in effective risk management as it ensures that Members are informed of any potential budget problems at an early stage thereby allowing prompt remedial action to be taken.

16.2 A full risk assessment in respect of the Council's finances is included at the time that the Council sets its Budget and when it approves the Statement of Accounts and Medium Term Financial Plan.

17.0 Recommendations

17.1 It is recommended that Members:-

- a) Receive the year-end financial position on the Council's 2012/13 Revenue Budgets;
- b) Receive the year-end financial position on the Council's 2012/13 Capital Programme Budgets;
- c) Receive the year-end position on the Council's Balances and Reserves and approve the proposed allocation of those balances;
- d) Approve the Revenue Budget and Capital Programme carry forward requests referred to in paragraphs 5.2 and 6.11 to 6.12 and Appendices 3 and 5;
- e) Continue to receive quarterly budgetary control reports during 2013/14, detailing the financial position and estimated outturn on the Council's 2013/14 Revenue and Capital Budgets.