

**2014/15 REVENUE AND CAPITAL BUDGET  
YEAR END OUTTURN POSITION**

**AGENDA ITEM NO.**

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**MEETING: POLICY AND RESOURCES**

**DATE: 3<sup>RD</sup> JUNE 2015**

**REPORT BY: FINANCE MANAGER**

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**1.0 Purpose of the Report**

- 1.1 The purpose of this report is to provide Member's with details of the year-end outturn position on the Council's approved Revenue and Capital Budgets for the 2014/15 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 2014/15 Statement of Accounts will be presented to an extraordinary meeting of Full Council on the 22<sup>nd</sup> June.

**2.0 Summary of the Year End Financial Position**

- 2.1 **The Council set a Revenue Budget for the 2014/15 financial year, as represented by the Precept, of £1,316,600.**
- 2.2 **Actual final spending for the year was £1,081,272.**
- 2.3 **There was therefore an overall year end saving of £235,328, representing 18% of the Precept.**
- 2.4 This included the planned £25,000 contribution to capital reserves and the main reasons for the remaining £210,000 saving on the Revenue Budget can be summarised as follows:-
- No use of the contingency sum;
  - Opt outs by staff from the local government pension scheme following the implementation of automatic enrolment;
  - Significant savings in staffing costs as a result of staff turnover, flexible retirement, reduced catering hours, lower overtime, and the end of the works apprenticeship;
  - Savings in running costs across all services, and particularly in relation to the sports complex and works section budgets;
  - A significant increase in golf season ticket income;
  - The receipt of insurance premium and audit fee rebates; and
  - Savings on the new play equipment inspection contract.
- 2.5 **The savings achieved were higher than anticipated and this has strengthened the Council's financial position at a time when the Medium Term Financial Plan is highlighting an increasingly challenging future and tighter budgets over the next five years.**

- 2.6 **A total of £14,500** has been identified in respect of **on-going revenue budget commitments** for which it is requested that savings made on the 2014/15 Revenue Budget are **carried forward in the Revenue Budget Support Reserve to support the 2015/16 Revenue Budgets.**
- 2.7 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.
- 2.1 **The Council's revised Capital Programme Budget for 2014/15 was £250,750**, having been increased from the original approved budget of £170,500 to provide for the approved carry forward of on-going projects from 2013/14 totalling £44,500, and additional budget approvals of £34,000 to provide for the replacement bar roof at the sports complex and £1,750 for the offices alarm system upgrade.
- 2.8 **Final spending on the Capital Programme Budget totalled £191,336, of which £39,307 was funded from external capital contributions relating to the Horndale multi-use games area, and £152,029 from the Council's Earmarked Capital Reserves.**
- 2.9 The final outturn was less than budgeted because a number of projects were not undertaken last year including computer hardware upgrades, tablet computers and bus shelter replacement, while a number of other projects were either ongoing at the end of the year such as the golf course safety improvements and footpath and play area safety surface repairs, or due to take place early in the new financial year, such as the Moore Lane multi-use games area and the replacement heating system at Moore Lane Environment Centre.
- 2.10 **It is requested that a total of £69,000 from the unspent 2014/15 Capital Budget resources is carried forward to 2015/16 to meet the cost of these ongoing projects.**
- 2.11 More detail on the Capital Programme position is provided in Section 6 of the Report.
- 2.12 The £235,000 saving delivered on the Revenue Budget was transferred to the Council's Balances and Reserves at the end of the year and 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 £1.1 million.**
- 2.13 However, the funding of the on-going Revenue Budget and Capital Programme requirements referred to in paragraphs 2.5 and 2.10, would reduce Balances and Reserves to around £1 million.
- 2.14 This level of Council Balances and Reserves is better than was estimated in the last Medium Term Financial Plan and this has strengthened the Council's already healthy financial position.
- 2.15 This will be very important moving forward as the Council faces a number of challenges in the years ahead, particularly in relation to the likelihood of further cuts to the Council Tax Support Grant funding, as well as the on-going pressure to pay council staff a 'living wage'.

2.16 The update of the Council's Medium Term Financial Plan has also been reported to this meeting and sets out the Council's financial strategy for the five year period 2015/16 to 2019/20, setting out how the Council's Revenue Budget may need to change to respond to the various challenges that lie ahead.

### **3.0 2014/15 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 financial management system and 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 apportionment 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 relevant 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 such as buildings, plant, vehicles, machinery, equipment 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 2014/15:-

<b>Cost Centre by Committee</b>	<b>Budget 2014/15 £</b>	<b>Actual Spend £</b>	<b>(Saving) / Overspend £</b>
<b><u>Policy and Resources</u></b>			
Members and Civic	69,900	63,583	(6,317)
Finance Service	67,000	62,885	(4,115)
Administration Service	121,150	109,902	(11,248)
Corporate Services	257,400	234,597	(22,803)
Neighbourhood Plan	37,500	28,354	(9,146)
Pre Schools	41,800	40,153	(1,647)
Works Department	140,450	110,322	(30,128)
Depot	39,100	31,277	(7,823)
Capital Financing Charges	25,650	23,472	(2,178)
<b>Total</b>	<b>799,950</b>	<b>704,545</b>	<b>(95,405)</b>
<b><u>Recreation</u></b>			
Special Events	137,050	133,397	(3,653)
Sports Complex	313,100	289,849	(23,251)
Sports Pitches	23,850	20,785	(3,065)
Golf Course	74,400	36,210	(38,190)
Driving Range	25,100	28,090	2,990
Parks	216,500	206,556	(9,944)
Play Areas	86,650	82,021	(4,629)
<b>Total</b>	<b>876,650</b>	<b>796,908</b>	<b>(79,742)</b>
<b><u>Environment</u></b>			
Environment	140,450	122,265	(18,185)
Street Equipment	15,650	8,619	(7,031)
Allotments	12,550	11,777	(773)
Cemeteries	47,950	42,317	(5,633)
Church Works	11,750	8,940	(2,810)
<b>Total</b>	<b>228,350</b>	<b>193,918</b>	<b>(34,432)</b>
<b>Removal of Depreciation Charges</b>	<b>(347,500)</b>	<b>(329,898)</b>	<b>17,602</b>
<b>Contingency Sum</b>	<b>27,500</b>	<b>-</b>	<b>(27,500)</b>
<b>Contribution to Reserves</b>	<b>25,000</b>	<b>-</b>	<b>(25,000)</b>
<b>Council Tax Support Grant</b>	<b>(255,850)</b>	<b>(255,847)</b>	<b>3</b>
<b>Less Funding of N'hood Plan</b>	<b>(37,500)</b>	<b>(28,354)</b>	<b>9,146</b>
<b>Precept</b>	<b>1,316,600</b>	<b>1,081,272</b>	<b>(235,328)</b>

- 3.10 As can be seen in the above summary, there was an **overall year-end saving on the Council's 2014/15 Revenue Budget including the budgeted contribution to reserves of £25,000 of £235,328 or 18%.**
- 3.11 **The continued achievement of savings on the Revenue Budget is to be welcomed, with the level of savings in excess of the forecast made in the Council's current Medium Term Financial Plan.**
- 3.12 **This has strengthened the Council's financial position at a time when the Medium Term Financial Plan is highlighting an increasingly challenging future and tighter revenue budgets over the next five years.**
- 3.13 Detailed commentary on the Revenue Budget position and the savings made 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 significant saving of £95,405 or just under 12% on the Policy and Resources Committee Budgets during 2014/15.**

The main factors contributing towards the achievement of this saving were as follows:-

- Savings of £22,500 from staff opt outs from the Local Government Pension Scheme following the implementation of automatic enrolment, as the 2014/15 Budget assumed that all eligible staff would choose to remain in the pension scheme;
- Savings of £25,000 on works staffing costs following the flexible retirement of the maintenance technician, the end of the golf apprenticeship, staff turnover and reduced overtime;
- Savings of £20,000 on pre-school staffing costs from reduced staff cover due to low attendance figures, and staff turnover;
- Delayed appointment of the Community Engagement Officer resulting in a saving of £9,000 on the Neighbourhood Plan Budget;
- Additional income totalling £8,000 from an audit fee rebate, low claims rebate on the insurance policy and improved returns on invested balances;
- Reduced depreciation charges of £6,000 as a result of the horticultural depot reaching the end of its estimated useful life;
- Various savings on running costs totalling nearly £30,000 including savings on members' allowances, civic functions and hospitality, training, conferences, consultancy, youth council, premises running costs, vehicle costs, stationery, and works equipment, bedding plants and equipment maintenance.

However, it should be noted that there was a £24,000 shortfall in pre-school income last year following a significant fall in the numbers of children attending, particularly at the Woodham Burn setting, which resulted in a much reduced level of saving on the pre-schools budget in comparison to previous years.

## **4.2 Recreation Committee**

**There was a significant saving of £79,742 or 9% on the Recreation Committee Budgets during 2014/15.**

The main factors contributing towards the achievement of this saving were as follows:-

- Savings of £3,500 on special events running costs mainly in relation to the Aycliffe Show and senior citizens trips;
- Savings of nearly £30,000 on sports complex running costs including, gas and electricity costs following the success of energy efficiency measures, bar, catering and vending stocks following the downturn in income, coaching costs following increased use of complex staff, as well as lower than expected spending on building maintenance costs, marketing and catering equipment;
- A saving of £10,000 following the end of the golf apprenticeship;
- A significant increase in golf season ticket income of £19,000 following the closure of Woodham Golf Club;
- Reduced depreciation charges of £10,000 as a result of a number of assets reaching the end of their estimated useful life;
- A saving of £3,500 on the new play equipment inspection contract;
- Other savings on premises running costs, maintenance costs, supplies and services and support service recharges in the region of £10,000.

However, it should be noted that sports complex income has fallen short in a number of areas including squash and five a side income, coaching, bar, catering and vending machine income, although these losses were partly offset by increased bowls, gaming machine and hot drinks income, which reduced the overall shortfall in income to £6,000.

In addition, the local government pay award incorporating a 2.2% pay increase from January 2015, the implementation of a minimum hourly rate of £7 per hour and one-off lump sum payments for low paid staff, resulted in a small overspend on the sports complex staffing budget.

## **4.3 Environment Committee**

**There was a significant saving of £34,432 or 15% on the Environment Committee Budgets during 2014/15.**

The main factors contributing towards the achievement of this saving were as follows:-

- Savings on the environment and open spaces budget totalling £18,000, including reduced works time spent working on environment areas, reduced waste disposal costs, the unspent tree works budget, and savings on environment centre running costs, supplies and services and vehicle costs;
- A saving of £7,000 on street equipment maintenance and reduced works time spent repairing street equipment;
- A saving of £8,500 on the cemeteries budget following a significant increase in the number of interments; and
- A small saving on the allotments budget.

#### **4.4 Revenue Budget Contingency Sum**

There has been no requirement to use the Revenue Budget Contingency Sum resulting in **a further saving to the 2014/15 Revenue Budget of £27,500.**

#### **5.0 Revenue Budget Support Reserve**

##### **5.1 Use of Budget Support Reserve in 2014/15**

Members may recall that as part of the approval of the 2013/14 year-end position, a total of £15,175 was transferred from the 2013/14 Revenue Budget saving to the Revenue Budget Support Reserve, in order to provide resources to support the 2014/15 Revenue Budget.

These resources were required 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. This included £7,000 relating to the unspent brewery sponsorship and 'Cutting Loose' event funding, as well the unspent balances on the mayor's allowance and donations and youth council budgets.

Resources have since been transferred from the Revenue Budget Support Reserve to the service revenue budgets during the year to meet expenditure relating to these issues.

An analysis of the resources set aside within the **2014/15 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 £11,675 has been transferred to service revenue budgets during the year. This resulted in an unused balance of £3,500 being transferred back to Council Balances.**

##### **5.2 Proposed 2015/16 Revenue Budget Support Reserve**

**A total of £14,500 has been identified at the end of the 2014/15 financial year that is required to be carried forward in the Revenue Budget Support Reserve, and used to provide support the 2015/16 Revenue Budgets.**

This includes a number of underspends from the 2014/15 Revenue Budget including the unspent balances on the donations and tree works budgets, and monies to fund the surveys of West Park Lakes, golf course safety improvement works, repairs to the mayors' chain, golf and sports complex marketing, building maintenance and training.

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

## **6.0 2014/15 Year End Capital Programme Budget Position**

- 6.1 The Council approved an original Capital Programme Budget for 2014/15 totalling £170,500.
- 6.2 This was then increased to £215,000 to account for the carry forward of outstanding capital commitments at the end of the 2013/14 financial year totalling £44,500. This carry forward was approved by Policy and Resources Committee on 4<sup>th</sup> June 2014.
- 6.3 The **2014/15 Capital Programme Budget** has since been increased to **£250,750**, to provide for the approval of an additional budget approvals of £34,000 to replace the bar roof at the sports complex and £1,750 to provide for the alarm system upgrade at the council offices.
- 6.4 The revised 2014/15 Capital Programme Budget is attached at **Appendix 3** and includes more detail on the adjustments made to the budget since it was originally approved.
- 6.5 **Final spending on the Capital Programme Budget totalled £191,336.** Projects completed during the year included:-
- Council offices alarm system upgrade;
  - Electrical testing of all council buildings;
  - Replacement ride on mowing machine and pressure washer;
  - Financial management system upgrade;
  - Website development;
  - Replacement roof to the sports complex bar;
  - Disabled access improvements at the sports complex;
  - Town park pavilion fascia replacement;
  - New multi-use games area at Horndale Park; and
  - Play area safety surfacing repairs and footpath repairs.
- 6.6 The installation of the new multi-use games area was undertaken on behalf of the Horndale Residents Association and funded from **capital grants and contributions totalling £39,307** raised by the group.
- 6.7 **The remaining spending of £152,029 was funded from the Council's Earmarked Capital Reserves.**
- 6.8 The final outturn was significantly less than budgeted because a number of projects were not undertaken including computer hardware upgrades, tablet computers and bus shelter replacement.
- 6.9 However there were a number of projects that were either ongoing at the end of the year such as the golf course safety improvements and footpath and play area safety surface repairs, or due to take place early in the new year, including a new multi-use games area at Moore Lane Park, the replacement heating system at Moore Lane Environment Centre, Town Park skate park repairs and the replacement of kitchen equipment and the golf irrigation system control panel.
- 6.10 **It is therefore requested that a total of £69,000 from the unspent 2014/15 Capital Budget is carried forward to 2015/16 to meet the cost of these ongoing projects.**



6.11 A detailed breakdown of the final actual spending position on the Council's 2014/15 Capital Programme and the projects that are required to be carried forward to 2015/16 is attached at **Appendix 5**.

6.12 Full details of the Council's Capital Programme Budget commitments for the five year period 2015/16 to 2019/20 are set out in the update of the Medium Term Financial Plan which has also been reported to this meeting of the Policy and Resources Committee.

## **7.0 Council Balances and Reserves**

7.1 Taking into account both the Revenue Budget saving of £235,328 and the financing of the £152,029 final outturn on the Capital Programme, **the Council was able to carry forward year end Balances and Earmarked Reserves of £1.1 million.**

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

<b>Council Balances and Reserves</b>	<b>£</b>
<b>Opening Balances:</b>	
General Fund Balance	132,881
Budget Support Fund	15,175
Earmarked Revenue Reserves	125,000
Earmarked Capital Reserves	750,000
Unused Capital Contributions	13,042
Usable Capital Receipts	20,446
<b>Balances Held as at 1<sup>st</sup> April 2014</b>	<b>1,056,544</b>
<b>Contribution to Balances 2014/15:</b>	
2013/14 Revenue Budget Saving	235,328
Capital Contributions	39,307
<b>Total Contribution to Balances</b>	<b>274,635</b>
<b>Use of Balances 2014/15:</b>	
Use of Capital Contributions	(39,307)
Use of Reserves to fund Capital Budget	(152,029)
Use of Reserves to fund Neighbourhood Plan	(28,354)
Use of Budget Support Fund	(11,675)
<b>Total Use of Balances</b>	<b>(231,365)</b>
<b>Balances Held as at 31<sup>st</sup> March 2015</b>	<b>1,099,814</b>
<b>Breakdown of Closing Balances:</b>	
General Fund Balance	176,826
Budget Support Fund	14,500
Earmarked Revenue Reserves	125,000
Earmarked Capital Reserves	750,000
Unused Capital Contributions	13,042
Usable Capital Receipts	20,446
<b>Balances Held as at 31<sup>st</sup> March 2015</b>	<b>1,099,814</b>

- 7.3 **The Council's Balances and Reserves have increased over the course of the year by £43,270 from £1,056,544 to £1,099,814.**
- 7.4 This has been achieved despite funding capital investment of nearly £200,000 and has been possible as a result of the savings that have been achieved on the Council's Revenue Budget.
- 7.5 However, the funding of the on-going 2014/15 Revenue Budget and Capital Programme requirements referred to in paragraphs 5.2 and 6.10 would see Balances and Reserves reduce to around £1 million.
- 7.6 The balances held at the end of the year have been set aside in a number of balances and reserves which are held for various purposes as detailed below:-
- **General Fund Balance** which represents the funds available to meet any significant unforeseen costs or shortfalls in income on the Council Revenue Budget. This balance has been increased to **£176,826** using some of the savings on the 2014/15 Revenue Budget.
  - **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 revenue spending commitments. As highlighted earlier, a balance of **£14,500** has been carried forward to 2015/16.
  - **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 two years including the funding the salary of the Community Engagement Officer. A total of **£75,000** is currently set aside in this Reserve.
    - **Elections Reserve** which is set aside to meet the costs of the future Elections and By Elections. A total of **£50,000** is currently set aside in this Reserve.
  - **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 cost of planned future works to the Council's buildings. A total of **£250,000** is currently set aside in this Reserve.
    - **Vehicle and Machinery Reserve** which is set aside to meet the costs of the future replacements of Council vehicles and machinery. A total of **£200,000** is currently set aside in this Reserve.
    - **Parks and Play Equipment Reserve** which is set aside to fund future parks related capital investment and the cost of replacing and upgrading play equipment. A total of **£150,000** is currently set aside in this Reserve.

- **Street Equipment Reserve** which is set aside to meet the cost of replacing street equipment such as bus shelters, street lighting, seating and bins. A total of **£50,000** is currently set aside in this Reserve.
- **Sports and Golf Complex Reserves** which are held to fund future non-building related capital investment specific to the sports and golf complex including replacement of machinery and equipment relating to these facilities. A total of **£50,000** is currently set aside in these Reserves.
- **ICT and Office Equipment Reserve** which is set aside to meet the costs of any major computer related investment in the future such as replacement servers and computers and office equipment such as telephone systems and photocopiers. A total of **£50,000** is currently set aside in this Reserve.
- **Unused Capital Grants and Contributions** which is the balance of previously received capital grants and contributions that have not yet been utilised in funding capital expenditure. Unused capital grants and contributions currently total **£13,042**.
- **Unused Capital Receipts** which is the balance of receipts from previous land sales that have not yet been utilised funding capital expenditure. Unused capital receipts currently total **£20,446**.

7.7 During 2015/16 the following movement in the Council's Balances and Reserves is anticipated:-

- The funding of the Revenue Budget and Capital Programme carry forward requirements from 2013/14 totalling £14,500 and £69,000 respectively;
- The funding of the costs related to the production of the neighbourhood plan expected to total around £37,500;
- The funding of the approved 2015/16 Capital Programme Budget totalling £240,000;
- The funding of the recently agreed additional capital projects to replace the play area at West Park at £40,000 and upgrade the pre-school office at St Oswald's Park at a cost of £29,250;
- The likely capital receipt from the sale of land at Travellers Green of £55,000; and
- The planned £25,000 contribution to capital reserves from the 2015/16 Revenue Budget.

7.8 **This would see Balances and Reserves fall to around £750,000 by the end of 2015/16. 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.**

7.9 This level of Council Balances and Reserves is better than originally estimated in the last Medium Term Financial Plan and this has strengthened the Council's already healthy financial position.

- 7.10 This strong financial position will be very important moving forward as the Council faces a number of challenges in the years ahead that may have an adverse impact on its finances. This includes the likelihood of cuts to the Council Tax Support Grant funding on which the Council is now reliant, the on-going pressure to pay council staff a 'living wage' and potentially significant capital investment requirements that could see Council balances reduce substantially over the longer term.
- 7.11 The update of the Council's Medium Term Financial Plan has been reported to this meeting and sets out the Council's financial strategy for the five year period 2015/16 to 2019/20, assessing the potential impact of these issues, and setting out how the Council's budget may need to change 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 also 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.
- 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 much greater detail in the Council's Statement of Accounts, which is due to be presented to an Extraordinary Meeting of the Council on 22<sup>nd</sup> 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 £210,315.

Interest payable on the existing loans totalled £11,994 in the current financial year, while principal repayments were £13,728.

**The total balance of loans outstanding at the 31st March 2015 was therefore £196,587.**

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 undertaken any additional borrowing during the five year period covered by the Medium Term Financial Plan.

## **8.4 Short Term Investments**

The Council's short term investments are made up of the Council's earmarked reserves and any other short term surplus balances.

**As at 31<sup>st</sup> March 2015, the Council had a total of £1.011 million held in short term investments.**

This was made of £761,000 invested in a 100 day notice account with the Council's bank and a further £250,000 invested in the Public Sector Deposit Fund.

Investment income in respect of interest on balances is currently low, with interest rates on the 100 Day Notice Account and Public Sector Deposit Fund running at 0.56% and 0.40% respectively.

**Total investment income for the year was £6,370, which was up on budget**, reflecting the higher than expected level of balances held and the use of the Public Sector Deposit Fund rather than a business premium bank account.

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

## **8.5 Debtors**

Debtors are 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 31<sup>st</sup> March 2015 was low with twelve invoices currently outside of the approved payment terms.

Payment is expected to be made in respect 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 the overall financial position helps the Council to ensure that it manages its finances prudently and delivers value for money to the local community.

## **10.0 Policy Implications**

10.1 The undertaking of regular budget monitoring and the reporting of the Council's financial position to the Policy and Resources Committee assists the Council in achieving 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 and explanations of any savings or over spending have been included following consultation and agreement with the responsible budget managers controlling the income and expenditure on the budgets.

## **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 Budgetary control is a key factor in effective risk management as it contributes towards the prudent management of the Council's finances by ensuring Members are informed of any potential budget problems at an early stage, thereby allowing remedial action to be taken.

16.2 Formal risk assessments are also undertaken at the time the Council sets its annual Revenue and Capital Budget and also when it approves its 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 2014/15 Revenue Budgets;
- b) Receive the year-end financial position on the Council's 2014/15 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 6.10;
- e) Continue to receive quarterly budgetary control reports during 2015/16, detailing the financial position and estimated outturn on the Council's 2015/16 Revenue and Capital Budgets.