

**2015/16 REVENUE AND CAPITAL BUDGET
YEAR END OUTTURN POSITION**

AGENDA ITEM NO.

MEETING: POLICY AND RESOURCES

DATE: 1ST JUNE 2016

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 year-end outturn position on the Council's approved Revenue and Capital Budgets for the 2015/16 financial year.
- 1.2 The report also outlines the year-end position on the Council's balances and reserves and sets out other key financial information including loans, investments and outstanding debt.
- 1.3 It is anticipated that the Council's statutory Statement of Accounts for 2015/16 will be presented to the Council Meeting on the 13th July.

2.0 Summary of the Year End Financial Position

- 2.1 **The Council set a Net Revenue Budget for the 2015/16 financial year, as represented by the Precept, of £1,348,550.**
- 2.2 **Actual final spending for the year was £1,162,434.**
- 2.3 **There was therefore an overall year-end saving of £186,116, representing nearly 14% of the Precept.**
- 2.4 This saving included the planned £25,000 contribution to capital reserves and the main reasons for the remaining £160,000 savings on the Revenue Budget can be summarised as follows:-
- Limited use of the contingency sum;
 - Savings on staffing costs as a result of flexible retirements, vacancies and reduced staff cover requirements;
 - Savings on civic, corporate, finance and administration costs ;
 - Savings on works training, fuel, equipment and planting;
 - Deletion of the Environment Officer post during the year;
 - Savings from the Woodham Burn pre-school transfer;
 - A lower than expected final cost for the first Aycliffe Festival;
 - Savings on sports complex running costs, net of falls in income;
 - Increased cemeteries, golf course and driving range income;
 - Other savings on running costs.
- 2.5 Whilst this Revenue Budget surplus is welcome, the **total savings are less than those delivered in previous years**, providing evidence to support the Medium Term Financial Plan conclusion of diminishing savings and tighter budgets over the next few years.

- 2.6 **A total of £7,750** has been identified in respect of on-going revenue budget commitments for which it is requested that savings made on the 2015/16 Revenue Budget are **carried forward in the Revenue Budget Support Reserve to support the 2016/17 Revenue Budgets.**
- 2.7 More detail on the overall Revenue Budget position as well as commentary on the savings achieved in each Committee area and carry forward requests is included in Sections 3, 4 and 5 of the Report.
- 2.8 **The Council's revised Capital Programme Budget for 2015/16 was £407,750**, having been increased to provide for the approved carry forward of on-going projects from 2014/15 totalling £69,000, and additional budget approvals totalling £98,750 to undertake building improvements at St Oswald's pre-school office, the upgrade of the Council's computer server infrastructure, the upgrade of the Council telephone system, and park and play area improvements at West Park.
- 2.9 **Final spending on the Capital Programme Budget totalled £201,488, of which £29,042 was funded from external capital contributions, and £172,446 from Earmarked Capital Reserves.**
- 2.10 The under spend against the 2015/16 Capital Programme Budget was due to a number of projects being delayed including the development a new park in the Cobblers Hall area of the town, replacement heating systems for Moore Lane pavilion and the golf complex, and the replacement play area in West Park.
- 2.11 These, and number of other small projects, are now due to take place in the 2016/17 financial year and **it is requested that a total of £197,000 from the unspent 2015/16 Capital Budget is carried forward to 2016/17 to meet the cost of these ongoing projects.**
- 2.12 More detail on the Capital Programme position is provided in Section 6 of the Report.
- 2.13 The £186,000 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 maintain balances and earmarked reserves of £1.05 million at the end of the year.**
- 2.14 However, the funding of the on-going Revenue Budget and Capital Programme requirements referred to in paragraphs 2.5 and 2.10, would see Balances and Reserves reduce to around £850,000.
- 2.15 This level of Council Balances and Reserves is in line with that estimated in the previous Medium Term Financial Plan and has maintained the Council's healthy financial position.
- 2.16 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, and increasing pressure on staffing costs as a result of the movement in the National Living Wage towards more than £9 per hour by 2020.

2.17 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 2016/17 to 2020/21, setting out how the Council's Revenue Budget may need to change to respond to the various challenges that lie ahead.

3.0 2015/16 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 2015/16:-

Cost Centre by Committee	Budget 2015/16 £	Actual Spend £	(Saving) / Overspend £
<u>Policy and Resources</u>			
Members and Civic	70,350	64,023	(6,327)
Finance Service	66,250	63,865	(2,385)
Administration Service	114,950	112,132	(2,818)
Corporate Services	256,700	271,977	15,277
Neighbourhood Plan	37,500	12,476	(25,024)
Pre-Schools	70,800	45,851	(24,949)
Works and Depot	173,800	149,826	(23,974)
Capital Financing Charges	25,400	23,228	(2,172)
Total	815,750	743,378	(72,372)
<u>Recreation</u>			
Community Events	132,550	108,362	(24,188)
Sports Complex	371,250	349,406	(21,844)
Sports Pitches	31,950	30,904	(1,046)
Golf Course	48,450	56,712	8,262
Driving Range	28,150	24,637	(3,513)
Parks and Play Areas	292,350	276,489	(15,861)
Total	904,700	846,510	(58,190)
<u>Environment</u>			
Environment	143,850	134,742	(9,108)
Street Equipment	9,150	7,856	(1,294)
Allotments	12,600	16,086	3,486
Cemeteries	49,800	46,472	(3,328)
Church Works	9,000	8,900	(100)
Total	224,400	214,056	(10,344)
Removal of Depreciation Charges	(382,400)	(382,417)	(17)
Contingency Sum	27,500	4,000	(23,500)
A167 Lights Commuted Sum	-	47,507	47,507
Contribution to Reserves	25,000	-	(25,000)
Council Tax Support Grant	(228,900)	(228,899)	1
<u>Less Use of Reserves:</u>			
Neighbourhood Plan	(37,500)	(12,476)	25,024
By Elections	-	(21,718)	(21,718)
A167 Lighting Commuted Sum	-	(47,507)	(47,507)
Precept	1,348,550	1,162,434	(186,116)

- 3.10 As can be seen in the above summary, there was an **overall year-end saving on the Council's 2015/16 Revenue Budget, including the budgeted contribution to reserves of £25,000, of £186,116 or 14%.**
- 3.11 **Whilst this Revenue Budget surplus is welcome and has helped to maintain the Council's healthy financial position, the total savings are less than those delivered in previous years, providing evidence to support the Medium Term Financial Plan conclusion of diminishing savings and tighter budgets over the next few years.**
- 3.12 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 saving of £72,372 or nearly 9% on the Policy and Resources Committee Revenue Budgets during 2015/16.

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

- Savings of £6,000 on works staffing costs arising from the flexible retirement of the maintenance technician, the vacant apprenticeship post, and reduced overtime, although this saving has been partly offset by the cost of the works management restructure;
- A saving of £25,000 on the pre-school budget following the transfer of Woodham Burn Pre-School to Woodham Burn Primary School and higher than expected numbers and therefore funding income in respect of the remaining pre-school at St Oswald's Park;
- The resignation of the Community Engagement Officer resulting in a saving of £25,000 on the Neighbourhood Plan Budget;
- A saving of £6,500 on vehicle fuel costs following the significant fall in prices and a £5,000 saving on the planting budget;
- Various savings on running costs totalling £27,000, including on members' allowances as a result of casual vacancies, civic functions and hospitality, training and conferences, premises running costs, donations and youth council grants, health and safety consultancy, information technology costs, and works tools and equipment.

However, it should be noted that there was an unbudgeted cost of nearly £22,000 in the Corporate Services Revenue Budget for the three by-elections held this year, although this has been funded directly from the Earmarked Elections Reserve in accordance with Council policy, and did not therefore result in an overspend on the Revenue Budget.

4.2 Recreation Committee

There was a saving of £58,191 or 6.4% on the Recreation Committee Revenue Budgets during 2015/16.

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

- A saving of £20,000 on cost of running the first Aycliffe Festival including significant savings in administration and works department staffing support;
- Further savings of £4,000 on the final running cost of other events including fun in the parks and senior citizens trips;
- A saving of £40,000 on sports complex running costs, including staffing costs following the flexible retirement of a duty manager and reduction in bar and catering hours, lower spending on bar, catering and vending stocks following the downturn in income, and savings on premises running costs and supplies and services;
- An increase of around £11,500 per year in green fee, buggy hire and driving range income; and
- Savings on parks and play area works department time and maintenance costs of £16,000.

However, it should be noted that these savings have been partly offset by shortfalls in income in respect of the sports complex and golf memberships, and a small overspend on golf complex running costs.

Sports complex income was down by £19,000 on budget with five a side income having significantly fallen due to increasing competition, and squash takings and bar, catering and vending machine sales also significantly down.

Golf membership income was down by £10,500 on budget following the re-opening of Woodham Golf Club, which has seen membership numbers fall by around 100 compared to last year, while golf complex running costs were £4,000 over budget.

4.3 Environment Committee

There was a saving of £10,344 or nearly 5% on the Environment Committee Budgets during 2015/16.

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

- A saving of £9,000 on the Environment Officer's salary costs following the officers' appointment as Works and Environment Manager;
- Savings of £1,000 on street equipment maintenance and parish lighting electricity costs; and
- An increase of £4,000 in cemeteries income.

These savings were partly offset by an over spend of £3,500 on the allotments budget as a result of increased works department time being spent maintaining and supporting the allotments service.

4.4 Revenue Budget Contingency Sum

The £4,000 cost of the revaluation of the Council's land and building assets was met from the Revenue Budget Contingency Sum this year as agreed by the Council in July 2015.

There was no further use of the Contingency Sum during the year and there was therefore **a further saving to the Revenue Budget of £23,500.**

4.5 A167 Lighting Commuted Sum

The Council agreed, during the year, to pay a commuted sum of £47,500 to Durham County Council to secure the future of the street lighting along the A167 road for the next ten years.

The payment of this commuted sum was charged to the Contingency Sum, but has been funded from the Council's Street Equipment Reserve, so as not to impact on the Revenue Budget.

5.0 Revenue Budget Support Reserve

5.1 Use of Budget Support Reserve in 2015/16

Members may recall that as part of the approval of the 2014/15 year end position, a total of £14,500 was transferred from the 2014/15 Revenue Budget saving to the Revenue Budget Support Reserve, in order to provide resources to support the 2015/16 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 £5,000 relating to the unspent tree works budget, £2,000 relating to the on-going golf course safety improvements, £2,300 to fund the West Park lakes surveys, and £1,200 to provide additional monies in the Council donations budget.

Resources have 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 **2015/16 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 £9,750 has been transferred to service revenue budgets during the year. This resulted in an unused balance of £4,750 being transferred back to Council Balances.

5.2 Proposed 2016/17 Revenue Budget Support Reserve

A total of £7,750 has been identified at the end of the 2015/16 financial year that is required to be carried forward in the Revenue Budget Support Reserve, and used to provide support the 2016/17 Revenue Budgets.

This includes a number of underspends from the 2015/16 Revenue Budget including the unspent balances on the donations and pre-school equipment budgets, monies to fund the West Park Lakes Masterplan, works staff training and replacement goal posts, and the unspent balance of pre-school pupil premium funding.

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

6.0 2015/16 Year End Capital Programme Budget Position

6.1 The Council approved an original Capital Programme Budget for 2015/16 totalling £240,000.

6.2 This was then increased to £309,000 to provide for the carry forward of outstanding capital commitments at the end of the 2014/15 financial year totalling £69,000. This carry forward was approved by Policy and Resources Committee on 3rd June 2015.

6.3 The **2015/16 Capital Programme Budget** has since been increased to **£407,750**, to provide for the approval of a number of additional budget approvals totalling £98,750 as summarised below:

- St Oswald's pre-school office building improvements	£29,250
- Replacement computer servers	£20,000
- Replacement play area in West Park	£40,000
- West Park improvements match funding	£3,000
- Council telephone system	£6,500

6.4 The revised 2015/16 Capital Programme Budget is attached at **Appendix 4** 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 £201,488.** Projects completed during the year included:-

- Replacement roof at St Oswald's pre-school office building;
- Depot automatic gate repair;
- Golf complex conservatory replacement;
- Replacement computers and the upgrade of the server infrastructure;
- Sports complex sports hall floor cleaning;
- A works van, tractor, utility vehicle, and golf aeration machine;
- Replacement multi-units at Horndale and Oak Leaf play areas;
- The installation of a new multi-use games area at Moore Lane Park;
- The completion of various improvements at West Park;
- Golf course safety improvements and irrigation system repairs; and
- Play area safety surfacing repairs, skate park repairs, and footpath repairs.

- 6.6 The installation of the new multi-use games area at Moore Lane multi-use games area and West Park improvements project were funded from **Section 106 Agreement monies totalling £29,042.**
- 6.7 **The remaining spending of £172,446 was funded from the Council's Earmarked Capital Reserves.**
- 6.8 The under spend against the 2015/16 Capital Programme Budget was due to a number of projects being delayed including the development a new park in the Cobblers Hall area of the town, replacement heating systems for Moore Lane pavilion and the golf complex, and the replacement play area in West Park.
- 6.9 These, and number of other small projects, are now due to take place in the 2016/17 financial year and **it is requested that a total of £197,000 from the unspent 2015/16 Capital Budget is carried forward to 2016/17 to meet the cost of these ongoing projects.**
- 6.10 A detailed breakdown of the final actual spending position on the Council's 2015/16 Capital Programme and the projects that are required to be carried forward to 2016/17 is attached at **Appendix 5.**
- 6.11 Full details of the Council's Capital Programme Budget commitments for the five year period 2016/17 to 2020/21 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 the Revenue Budget saving of £186,116 and the financing of the Capital Programme outturn of £172,446 as highlighted above, as well as the funding of the neighbourhood plan, by-elections and A167 lighting commuted sum from earmarked reserves, **the Council was able to carry forward £1.05 million in balances and reserves at the end of the financial year.**
- 7.2 **However, the funding of the on-going Revenue Budget and Capital Programme requirements** referred to earlier in the report of £7,750 and £197,000 respectively, **would see Balances and Reserves reduce to around £850,000.**
- 7.3 The movement on the Council's Balances and Earmarked Reserves during the year is summarised on the following page.

Council Balances and Reserves	£
Opening Balances:	
General Fund Balance	176,827
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
Balances Held as at 1st April 2015	1,099,815
Contribution to Balances 2015/16:	
2015/16 Revenue Budget Saving	186,116
Capital Contributions Received	53,542
Community Benefit Funding (Solar Farm)	792
Total Contribution to Balances	240,450
Use of Balances 2015/16:	
Use of Capital Contributions	(29,042)
Use of Reserves to fund Capital Budget	(172,446)
Use of Reserves to fund Neighbourhood Plan	(12,476)
Use of Reserves to fund By Elections	(21,718)
Use of Reserves to fund A167 Lights	(47,507)
Use of Budget Support Fund	(9,750)
Total Use of Balances	(292,939)
Balances Held as at 31st March 2016	1,047,326
Breakdown of Closing Balances:	
General Fund Balance	120,796
Budget Support Fund	7,750
Community Benefit Fund	792
Earmarked Revenue Reserves	60,000
Earmarked Capital Reserves	800,000
Unused Capital Contributions	37,542
Usable Capital Receipts	20,446
Balances Held as at 31st March 2016	1,047,326

- 7.4 **The Council's Balances and Reserves have fallen over the course of the year by £52,489 from £1,099,815 to £1,047,326.**
- 7.5 This has been achieved despite funding capital investment of more than £200,000, and other use of reserves of more than £90,000.
- 7.6 This has been possible as a result of the savings that have been achieved on the Council's Revenue Budget, and the receipt of external grants and contributions towards capital investment.
- 7.7 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 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. This balance has fallen to **£120,796** due to the need to replenish a number of the earmarked reserves.
- **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 **£7,750** has been carried forward to 2016/17.
- **Community Benefit Fund** which holds community benefit monies generated from the solar farm at School Aycliffe totalling **£792**.
- **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 completion of the neighbourhood plan next year. A total of **£10,000** 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 **£200,000** 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 **£37,542** and this includes £24,500 towards the planned scoot track in Horndale and £13,042 in historic environment related grants.
- **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**.

7.8 During **2016/17** 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 2015/16 totalling £7,750 and £197,000 respectively;
- The funding of the costs related to the completion of the neighbourhood plan expected to total around £10,000;
- The funding of the forthcoming by election in the West Ward totalling £9,000
- The funding of the approve 2015/16 Capital Programme Budget totalling £147,250;
- The forthcoming capital receipt from the sale of land at Travellers Green of £59,400; and
- The planned £25,000 contribution to capital reserves from the 2016/17 Revenue Budget.

7.9 **This would see Balances and Reserves fall to around £750,000 by the end of 2016/17. 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.**

7.10 This level of Council Balances and Reserves is in line with that estimated in the previous Medium Term Financial Plan and has maintained the Council's healthy financial position.

7.11 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. These include the likelihood of further cuts to the Council Tax Support Grant funding, and increasing pressure on staffing costs as a result of the movement in the National Living Wage towards more than £9 per hour and **potentially significant capital investment requirements that could see Council balances reduce substantially over the longer term.**

7.12 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 2016/17 to 2020/21, 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 and help maintain balances and reserves at prudent levels.

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 the Council Meeting on 13th July.

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 £196,587.

Interest payable on the existing loans totalled £11,027 in the current financial year, while principal repayments were £14,667.

The total balance of loans outstanding at the 31st March 2016 was therefore £181,920.

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.

As highlighted in the Medium Term Financial Plan, the Council may need to consider undertaking additional borrowing towards the end of the five year period covered by the Medium Term Financial Plan in order to replenish Council balances and reserves.

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 31st March 2016, the Council had a total of £965,000 held in short term investments.

This was made of £765,000 invested in a 100 day notice account with the Council's bank and a further £200,000 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 0.60% and 0.45% respectively.

Total investment income for the year was £6,644, which was up on budget, reflecting the higher than expected level of balances held.

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 31st March 2016 was low with only four invoices 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 2015/16 Revenue Budgets;
- b) Receive the year-end financial position on the Council's 2015/16 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 6.9;
- e) Continue to receive quarterly budgetary control reports during 2016/17, detailing the financial position and estimated outturn on the Council's 2016/17 Revenue and Capital Budgets.