

**2016/17 REVENUE AND CAPITAL BUDGET
YEAR END OUTTURN POSITION**

AGENDA ITEM NO.

MEETING: POLICY AND RESOURCES

DATE: 7TH JUNE 2017

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 2016/17 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 debtors.
- 1.3 The Council's 2016/17 Statement of Accounts, which are set out within the 2016/17 Annual Return, will be presented to the Council Meeting on the 14th June 2017.

2.0 Summary of the Year-End Financial Position

- 2.1 **The Council set a Net Revenue Budget for the 2016/17 financial year, as represented by the Precept, of £1,411,150**
- 2.2 **Actual final spending for the year was £1,197,728.**
- 2.3 **There was therefore an overall year-end saving of £213,422, representing 15% of the Precept.**
- 2.4 This saving included the planned £25,000 contribution to capital reserves and the main reasons for the remaining £188,500 saving on the Revenue Budget can be summarised as follows:-
- Limited use of the contingency sum;
 - Significant savings from flexible retirements and staff vacancies in the central establishment and works section;
 - A significant saving on the pre-school budget as a result of staff turnover, limited use of the staff cover budget, and higher than expected income from funding and fees as a result of increased numbers of children attending;
 - A significantly lower than expected final cost for the Aycliffe Festival, and savings on the cost of providing other events;
 - Savings in sports complex and works section running costs;
 - Savings on corporate, administration and civic running costs;
 - Significantly increased cemeteries income following the Council decision to increase fees and charges by 25%.

- 2.5 **A total of £7,700** has been identified in respect of on-going revenue budget commitments, for which it is requested that some of the savings on the 2016/17 Revenue Budget are **carried forward in the Revenue Budget Support Reserve to support the 2017/18 Revenue Budgets.**
- 2.6 Whilst the significant saving made on the 2016/17 Revenue Budget is welcome, and will help to top up the Council's balances and reserves, Members will be aware of the Medium Term Financial Plan conclusion that savings on the Revenue Budget are likely to diminish over the next few years, and such a high level of annual saving cannot therefore be guaranteed moving forward.
- 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 set out in Sections 3, 4 and 5 of the Report.
- 2.8 **The Council's revised Capital Programme Budget for 2016/17 was £344,250**, having been increased to provide for the approved carry forward of a large number of on-going projects from 2015/16 totalling £197,000.
- 2.9 These projects included the planned park development at Cobblers Hall, the replacement play area at West Park, heating systems at Moore Lane Environment Centre and Oak Leaf Golf Complex, and building improvement works at St Oswald's pre-school office.
- 2.10 **Final spending on the Capital Programme Budget totalled £221,057, of which £24,500 was funded from external capital contributions** received towards the Horndale Scoot Track project, **and £196,557 from the Council's Earmarked Capital Reserves.**
- 2.11 The significant under spend on the 2016/17 Capital Programme Budget was mainly due to the major planned project to develop a new park in the Cobblers Hall area of the town being delayed until this year.
- 2.12 This, and number of other smaller projects, are now due to take place in the 2017/18 financial year, and **it is requested that a total of £127,000 is carried forward to the 2017/18 financial year to meet the cost of these ongoing projects.**
- 2.13 More detail on the 2016/17 Capital Programme Budget position is provided in Section 6 of the Report.
- 2.14 The £213,500 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 at £221,000 as set out above, and the proceeds from the land sale at Travellers Green of £110,000, the Council was able to make a net contribution to its balances at the end of the year.
- 2.15 **The Council increased its balances and earmarked reserves by nearly £100,000, to £1.143 million at the end of the year.**

- 2.16 This is better than anticipated in the Council's previous Medium Term Financial Plan and improves the Council's already healthy financial position as it looks ahead to an increasingly challenging future.
- 2.17 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 at least £9 per hour by 2020.
- 2.18 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 2017/18 to 2021/22, setting out how the Council's Revenue Budget may need to change to respond to the various challenges that lie ahead.

3.0 2016/17 Year-End Revenue Budget Position

- 3.1 A detailed breakdown of the year-end 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;
 - 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 figures included in the year-end outturn figures for central support service and works section recharges to front line services have been updated to reflect actual time worked by these staff, as recorded on the weekly timesheets and entered onto the job costing model, as well as a relevant proportion of overhead costs.
- 3.4 The budget figures included for recharges have been adjusted in line with the actual year-end costs, in order to ensure that the reporting of the year-end outturn figures is not distorted by any large variances.
- 3.5 The year-end outturn figures also reflect the removal of the depreciation charge that has previously been required to be included in respect of the fixed assets used in each service area.
- 3.6 This follows the recent change in the Council's accounting and audit arrangements, as smaller authorities are not required to calculate or include depreciation in their year-end accounts.
- 3.7 Whilst these adjustments have resulted in some significant changes to the 2016/17 Revenue Budget and the year-end outturn figures for individual Council services, it is important to stress that there has been no impact on the overall Revenue Budget total or the level of Precept.

- 3.8 The table below provides a summary of the final position on the Council's Revenue Budget for 2016/17:-

Cost Centre by Committee	Budget 2016/17 £	Actual Spend £	(Saving) / Overspend £
<u>Policy and Resources</u>			
Members and Civic	68,000	60,604	(7,396)
Finance Service	68,000	68,660	660
Administration Service	95,350	64,763	(30,587)
Corporate Services	266,200	246,190	(20,010)
Neighbourhood Plan	10,000	1,318	(8,682)
St Oswald's Pre-School	74,900	49,863	(25,037)
Works Department and Depot	164,950	142,948	(22,002)
Loans and Investments	25,900	25,103	(797)
Total	773,300	659,449	(113,851)
<u>Recreation</u>			
Community Events	128,450	113,256	(15,194)
Sports Complex	235,150	221,594	(13,556)
Sports Pitches	18,750	16,754	(1,996)
Golf Course	35,800	38,803	3,003
Driving Range	21,950	19,043	(2,907)
Parks and Play Areas	193,300	187,331	(5,969)
Total	633,400	596,781	(36,619)
<u>Environment</u>			
Environment	91,150	88,378	(2,772)
Street Equipment	6,950	6,316	(634)
Allotments	18,950	17,742	(1,208)
Cemeteries	54,100	41,798	(12,302)
Church Works	8,300	8,725	425
Total	179,450	162,959	(16,491)
Contingency Sum	30,750	7,999	(22,751)
Contribution to Reserves	25,000	-	(25,000)
Council Tax Support Grant	(220,750)	(220,765)	(15)
<u>Less Use of Reserves:</u>			
Neighbourhood Plan	(10,000)	(1,318)	8,682
By Elections	-	(7,377)	(7,377)
Precept	1,411,150	1,197,728	(213,422)

- 3.9 As can be seen in the above summary, there was an **overall year-end saving on the Council's 2016/17 Revenue Budget, including the budgeted contribution to reserves of £25,000, of £213,422 or 15%.**

- 3.10 Whilst this Revenue Budget surplus is welcome, and has helped to top up the Council's balances and reserves, Members will be aware of the Medium Term Financial Plan conclusion that savings on the Revenue Budget are likely to diminish over the next few years, and such a high level of annual saving cannot therefore be guaranteed moving forward. This will make the process of balancing the Revenue Budget increasingly difficult in the medium to longer term.
- 3.11 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 nearly £114,000 or 15% on the Policy and Resources Committee Revenue Budgets during 2016/17.

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

- Savings on members and civic costs totalling nearly £7,500;
- Savings of £33,750 on central establishment staffing costs arising from two flexible retirements, and the receptionist post vacancy earlier in the year;
- A significant saving of £25,000 on the pre-school budget as a result of staff turnover and vacancies, limited use of the staff cover budget and higher than expected income from funding and fees as a result of increased numbers of children;
- A saving of nearly £12,000 on works staffing costs as a result of a flexible retirement and the vacant apprenticeship post;
- Lower than expected costs in completing the neighbourhood plan, resulting in a saving of nearly £8,750;
- A £5,250 saving in external audit fees following the Council's move to the smaller authority accounting and audit scheme;
- Various savings on running costs totalling £21,750, including offices premises running costs, training, stationery, postage, telephones, donations and youth council grants, health and safety consultancy, vehicle fuel and repair costs, and works tools and equipment.

However, it should be noted that there was an unbudgeted cost of £7,375 in the Corporate Services Budget for the cost of a by-election, although this has been funded directly from the Council's 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 £36,500 or nearly 6% on the Recreation Committee Revenue Budgets during 2016/17.

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

- A saving of £10,000 on the cost of running the Aycliffe Festival;
- Further savings of £5,000 on the final costs of running the fun in the parks, senior citizens trips, fireworks display and festive lighting;
- Savings of £19,000 on sports complex running costs, including on premises running costs following planned maintenance and energy efficiency measures, lower spending on catering and vending supplies linked to falls in income, and savings on supplies and services including training, equipment, cleaning materials, uniforms, marketing and promotions, and telephones;
- A £4,500 increase in golf green fee, driving range, buggy hire and sports pitch hire income compared against budget; and
- Savings on golf complex running costs, sports pitch running costs and parks and play area maintenance costs totalling £10,750.

However, it should be noted that these savings have been partly offset by a shortfall in sports and golf complex income.

Golf membership income was down by £7,250 on budget following the loss of nearly 40 members this year.

Sports complex income was £5,500 down on budget, following a significant fall in five a side income, and falls in squash and bowls income and gaming machine, vending machine and catering takings.

It should also be noted that the sports complex income total includes nearly £9,000 in insurance claim monies relating to a number of break in's during the year. If this insurance claim income is excluded, sports complex income for the year is actually down by £14,500.

4.3 Environment Committee

There was a saving of £16,500 or 9% on the Environment Committee Budgets during 2016/17.

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

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

- Savings on the environment and open spaces budget totalling £2,750, largely relating to costs linked to the former Environment Officer post and a saving on the environment events budget;
- An increase of £10,500 in cemeteries income, following the Council's decision last year to increase cemeteries fees and charges by 25%;
- Savings of around £3,250 on street equipment, cemeteries and allotments running costs;

4.4 Revenue Budget Contingency Sum

There was some limited use of the £30,750 Revenue Budget Contingency Sum totalling £8,000 this year.

This funded the purchase of defibrillators and the covenant release fee for the sale of land at Travellers Green.

There was no further use of the Contingency Sum during the year and there was therefore **a further saving to the Revenue Budget of £22,750.**

5.0 Revenue Budget Support Reserve

5.1 Use of Budget Support Reserve in 2016/17

Members may recall that as part of the approval of the 2015/16 year end position, a total of £7,750 was transferred from the 2015/16 Revenue Budget saving to the Revenue Budget Support Reserve, in order to provide resources to support the 2016/17 Revenue Budget.

These resources were carried forward 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 been transferred from the Revenue Budget Support Reserve to the service revenue budgets during the year, as required, to meet expenditure relating to these issues.

An analysis of the resources set aside within the **2016/17 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 £1,910 has been transferred to service revenue budgets during the year. This resulted in an unused sum of £5,840 being transferred back to Council Balances.

5.2 Proposed 2017/18 Revenue Budget Support Reserve

A total of £7,700 has been identified at the end of the 2016/17 financial year that is requested to be carried forward in the Revenue Budget Support Reserve, and used to provide support to the 2017/18 Revenue Budgets.

This includes monies to fund civic supplies, pre-school equipment, sports complex training, kitchen maintenance, works equipment and equipment maintenance and skate park repairs.

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

6.0 2016/17 Year End Capital Programme Budget Position

- 6.1 The Council approved an original **Capital Programme Budget for 2016/17** totalling £147,250.
- 6.2 This was then increased to **£344,250** to provide for a large number of capital commitments and on-going projects outstanding at the end of the 2015/16 financial year totalling £197,000. This carry forward was approved by Policy and Resources Committee on 1st June 2016.
- 6.3 These projects included the planned park development at Cobblers Hall, the play area at West Park, replacement heating systems at Moore Lane Environment Centre and Oak Leaf Golf Complex, building improvement works at St Oswald's pre-school office, kitchen equipment, a replacement photocopier and telephone system, drainage works, play area safety surfacing repairs and footpath repairs.
- 6.4 The revised 2016/17 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 £221,057.** Projects completed during the year included:-
- St Oswald's pre-school office building improvements and conversion works;
 - Moore Lane Environment Centre and Oak Leaf Golf Complex heating system replacement;
 - Replacement park patrol vehicles and various works machinery;
 - computer replacements;
 - replacement office photocopier and telephone system;
 - hand held digital radios;
 - drainage repairs at the sports complex;
 - replacement play equipment at West Park;
 - replacement play equipment at Byerley Park play area;
 - new scoot track at Horndale Park;
 - play area surfacing repairs;
 - footpath repairs;
 - replacement litter and dog bins;
 - repair and repainting of bridges at West Park;
 - wildflower meadow cutting and baling machinery.
- 6.6 **The installation of the new scoot track at Horndale Park was funded from capital contributions totalling £24,500.**
- 6.7 **The remaining spending of £196,557 was funded from the Council's Earmarked Capital Reserves.**
- 6.8 The under spend of nearly £150,000 against the 2016/17 Capital Programme Budget was due to a number of projects which were delayed or did not go ahead as planned during the year including the major planned project to develop a new park in the Cobblers Hall area of the town. In many cases these projects are now planned to take place early in the 2017/18 financial year

6.9 **It is requested that a total of £127,000 from the unspent 2016/17 Capital Budget is carried forward to 2017/18 to meet the cost of these ongoing projects.**

6.10 The carried forward projects are summarised below:-

- Cobblers Hall Park Development	£75,000
- Footpath Repairs	£10,000
- Play Area Safety Surfacing	£10,500
- Sports Complex Kitchen Equipment	£8,000
- Works Machinery	£5,000
- Website Development	£2,500
- Skate Park Repairs	£2,500
- Golf Irrigation System Repairs	£5,000
- Woodham Bridleway Improvements	£7,500
- Replacement Public Seating	£1,000
Total Requested Carry Forward	£127,000

6.11 A detailed breakdown of the final actual spending position on the Council's 2016/17 Capital Programme and the projects that are requested to be carried forward to 2017/18 is attached at **Appendix 5**.

6.12 Full details of the Council's Capital Programme Budget commitments for the five year period 2017/18 to 2021/22 are set out in the update of the Medium Term Financial Plan which has 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 £213,422 and the financing of the Capital Programme outturn of £221,057, as well as the funding of the neighbourhood plan and a by-election from earmarked reserves, and the capital receipt of £110,000 from the sale of land at Travellers Green, **the Council was able to make a net contribution to its balances at the end of the year.**

7.2 **The Council was therefore able to increase its balances and earmarked reserves by £95,724, to a total of £1.143 million over the course of the financial year.**

7.3 **However, the funding of the on-going Revenue Budget and Capital Programme requirements** referred to earlier in the report of £7,700 and £127,000 respectively, **would see Balances and Reserves reduce back to around the £1 million mark.**

7.4 The movement on the Council's Balances and Earmarked Reserves during the year, including a breakdown of those balances is summarised on the following page.

Council Balances and Reserves	£
Opening Balances:	
General Fund Balance	120,796
Budget Support Fund	7,750
Earmarked Revenue Reserves	60,792
Earmarked Capital Reserves	800,000
Unused Capital Contributions	37,542
Usable Capital Receipts	20,446
Balances Held as at 1st April 2016	1,047,326
Contribution to Balances 2016/17:	
2016/17 Revenue Budget Saving	213,422
Capital Contributions Received	-
Land Sale at Travellers Green	110,000
Sale of Tractor	3,963
Total Contribution to Balances	327,385
Use of Balances 2016/17:	
Financing of 2016/17 Capital Programme	(196,557)
Use of Capital Contributions (Scoot Track)	(24,500)
Use of Budget Support Fund	(1,910)
Funding of Neighbourhood Plan and Elections	(8,694)
Total Use of Balances	(231,661)
Balances Held as at 31st March 2017	1,143,050
Breakdown of Closing Balances:	
General Fund Balance	126,295
Budget Support Fund	7,700
Community Benefit Fund	1,603
Earmarked Revenue Reserves	60,000
Earmarked Capital Reserves	800,000
Unused Capital Contributions	13,043
Usable Capital Receipts	134,409
Balances Held as at 31st March 2017	1,143,050

- 7.5 **The Council's Balances and Reserves have increased over the course of the year by £95,724 from £1,047,326 to £1,143,050.**
- 7.6 This has been achieved despite funding capital investment of more than £220,000, and use of revenue reserves of more than £10,000.
- 7.7 This has been possible as a result of the savings that have been achieved on the Council's Revenue Budget, and the generation of a significant capital receipt from the sale of land at Travellers Green.
- 7.8 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 increased slightly to **£126,295**.
- **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 **£7,700** has been carried forward to 2017/18.
- **Community Benefit Fund** which holds community benefit monies generated from the solar farm at School Aycliffe totalling **£1,603**.
- **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. 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 works 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 **£13,043**, relating to 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 **£134,409** and include the monies from the recent land sale at Travellers Green.

7.9 During **2017/18**, the following **movement in the Council's Balances and Reserves** is currently anticipated:-

- The funding of the Revenue Budget and Capital Programme carry forward requirements from 2016/17 totalling £7,700 and £127,000 respectively;
- The funding of the recent town council election totalling £25,000;
- The funding of the approved 2017/18 Capital Programme Budget totalling £255,500;
- The forthcoming capital receipt from the sale of land at Agnew 5 of £125,000; and
- The planned £25,000 contribution to capital reserves from the 2017/18 Revenue Budget.

7.10 **This would see Balances and Reserves fall to as low as £875,000 by the end of 2017/18. 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.**

7.11 This level of balances is better than anticipated in the Council's previous Medium Term Financial Plan and improves the Council's already healthy financial position as it looks ahead to an increasingly challenging future.

7.12 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.

7.13 These include Revenue Budget pressures such as 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, as well as **potentially significant capital investment requirements that could see Council balances reduce substantially over the longer term.**

7.14 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 2017/18 to 2021/22, 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 Other Financial Issues

8.1 In line with best practice guidance on financial management, it is also considered prudent to report on and consider the following key areas, 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.

8.3 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 £181,900.

Interest payable on the existing loans totalled £10,500 in the current financial year, while principal repayments totalled £15,650.

The total balance of loans outstanding at the 31st March 2017 was therefore £166,250.

Options for the possible refinancing or early repayment of the Council's outstanding loans are kept under regular 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 currently no plans to repay early or undertake any additional borrowing over the five year period of 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 31st March 2017, the Council had a total of £1,068,088 held in short term investments.

This was made of £768,088 invested in a 90 day notice account with the Council's bank and a further £300,000 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 around 0.25% following the cut in the Bank of England Base Rate.

Total investment income for the year was £5,375, 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 2017 was very low with only three 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 this 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 deliver 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 the annual Revenue and Capital Budget and also when it approves the Annual 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 2016/17 Revenue Budgets;
- b) Receive the year-end financial position on the Council's 2016/17 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 2017/18, detailing the financial position and estimated outturn on the Council's 2017/18 Revenue and Capital Budgets.