

2019/20 REVENUE AND CAPITAL BUDGET YEAR-END OUTTURN POSITION

AGENDA ITEM NO.

MEETING: POLICY AND RESOURCES

DATE: **NO MEETING DUE TO COVID-19**

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 2019/20 financial year.
- 1.2 The report also outlines the year-end position on the Council's balances and reserves, loans, investments and debtors.
- 1.3 The Council's 2019/20 Accounting Statements, which are part of the 2019/20 Annual Governance and Accountability Return (AGAR), are due to be presented to a virtual Council Meeting on the 24th June 2020.

2.0 Summary of the Year-End Financial Position

- 2.1 **The Council set a Net Revenue Budget for the 2019/20 financial year, as represented by the Precept, of £1,661,050.**
- 2.2 The Council has continued to deliver savings on running costs and exceed income targets in most service areas during the 2019/20 financial year, and, as a result, has delivered a level of net spending which is well below the level of Precept set.
- 2.3 **Actual final spending for the year was £1,384,586, which resulted in a year-end saving of £276,464, equating to 16.6% of the Precept.**
- 2.4 There were a number of reasons for this saving and the main explanations are summarised below:-
 - The budgeted contribution to capital reserves of £75,000;
 - No use of the £12,500 contingency sum;
 - Savings in staffing costs as a result of three flexible retirements, staff turnover, vacant posts and reduced staff cover;
 - Significant procurement savings, including from the re-tender of the Council's insurance and cash collection contracts;
 - Higher than expected pre-school funding income;
 - A significant upturn in sports complex bar sales;
 - A substantial increase in driving range takings;
 - Higher than usual cemeteries income;
 - Low spending on maintenance and supplies budgets.

- 2.5 However, savings have been delivered across nearly all service areas, a situation which has been greatly assisted by the prudent financial management that continues to be exercised by all service managers and overseen by members of the Policy and Resources Committee.
- 2.6 This better than expected Revenue Budget surplus is very welcome, as it comes at a time when the Coronavirus pandemic and associated lockdown measures are having a significant impact on Council services and resulting in substantial lost revenue in some service areas.
- 2.7 The Revenue Budget saving has been transferred to the Council's balances and reserves helping to replenish and increase those balances at a time when the Council's Medium-Term Financial Plan continues to forecast significant capital investment commitments and diminishing reserves over the longer term.
- 2.8 More detail on the overall Revenue Budget position, as well as commentary on the savings achieved in each Committee area, is set out in Section 3 and 4 of the Report.
- 2.9 A total of £19,820 has been identified in respect of on-going revenue budget commitments, for which it is requested that some of the 2019/20 Revenue Budget savings are carried forward in the Revenue Budget Support Reserve to support the 2020/21 Revenue Budget. This includes £10,000 to boost the Council's 2020/21 donations budget at a time when local community organisations may need additional support. Section 5 of the report provides further details on the proposed carry forward of savings to the 2020/21 financial year.
- 2.10 **The Council's final approved Capital Programme Budget for 2019/20 stood at £322,000**, having been increased from £135,000 to provide for the approved carry forward of on-going commitments of £141,500 from the 2018/19 financial year, and additional budget approvals of £45,500 to provide for the pre-school extension, mini excavator machine and replacement of the pre-school boiler.
- 2.11 **Final spending on the 2019/20 Capital Programme Budget totalled £125,646, and this has been funded from the Council's Earmarked Capital Reserves which are set aside for this purpose.**
- 2.12 Final spending was therefore nearly £200,000 under budget.
- 2.13 This was because many of the projects included in the 2019/20 Capital Programme Budget were 'provisional' sums and did not go ahead this year, some projects have been delayed, while the final costs on a number of other projects were less than budgeted.
- 2.14 A number of projects will need to be carried forward into the new 2020/21 financial year, and **it is requested that a total of £136,250 is carried forward to meet the cost of these ongoing capital projects.**
- 2.15 These projects include the pre-school extension, various information technology improvements linked to remote working and virtual meetings, and various building works at the sports complex.

- 2.16 More detail on the 2019/20 Capital Programme Budget position is provided in Section 6 of the Report.
- 2.17 As highlighted earlier, the saving on the 2019/20 Revenue Budget was transferred to the Council's Balances and Reserves at the end of the year. This more than offset the funding of the 2019/20 Capital Budget.
- 2.18 **In overall terms, the Council's balances and reserves therefore increased from £1.110 million at the start of the year to £1.267 million at the end of the year.**
- 2.19 This level of balances is around £300,000 better than forecast in the Council's current Medium-Term Financial Plan and this has strengthened the Council's year-end financial position.
- 2.20 This positive financial situation is partly as a result of the ongoing savings being achieved on the Revenue Budget and partly because of the Council's ongoing efforts to reduce and control capital spending.
- 2.21 The Council's strong financial position is an endorsement of the actions taken by the Council to boost the contribution to capital reserves in the Revenue Budget, via the 5% council tax increase last year, which has mitigated the risks identified in the Medium-Term Financial Plan in relation to diminishing balances.
- 2.22 This strong financial position will be very important moving forward, as the financial impact of the Coronavirus pandemic becomes clearer, and as the Council deals with the longer-term challenges highlighted in the Medium-Term Financial Plan, including the likelihood of cuts to the Council Tax Support Grant funding and ongoing pressure on staffing costs linked to increases in the National Living Wage.
- 2.23 The forthcoming update of the Council's Medium-Term Financial Plan will aim to assess the financial impact of the Coronavirus pandemic and develop a financial strategy for the five-year period 2020/21 to 2024/25, highlighting how the Council's Revenue and Capital Budget may need to change to respond to the challenges that lie ahead.

3.0 2019/20 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 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 some of the budget figures set out in the original approved 2019/20 Revenue Budget were adjusted following the year-end closedown process.
- 3.4 Support service and works section recharges, were recalculated based on actual hours worked during last year, as recorded on staff timesheets.
- 3.5 Insurance costs have also been adjusted in line with the new long-term agreement and the premium breakdown provided by the Council's insurance company, in order to more accurately reflect the apportionment of these costs.
- 3.6 However it is important to stress that while these adjustments have changed some of the individual service budget totals, there is no impact on the overall Revenue Budget total or the level of Precept.
- 3.6 The table on the following page provides a summary of the final position on the Council's Revenue Budget for 2019/20.

Budgets by Committee and Service Area	2019/20 Approved Budget £	Final Outturn £	(Saving) / Overspend £
<u>Policy and Resources</u>			
Members and Civic	71,750	64,420	(7,330)
Finance Service	75,000	71,499	(3,501)
Administration Service	97,800	76,365	(21,435)
Corporate Service	276,000	249,648	(26,352)
St Oswald's Pre School	46,700	23,908	(22,792)
Works	150,500	124,070	(26,430)
Depot	26,450	25,896	(554)
Capital Financing	26,650	22,781	(3,869)
Sub-Total	770,850	658,587	(112,263)
<u>Recreation</u>			
Special Events	142,200	138,920	(3,280)
Sports Complex	308,250	269,844	(38,406)
Sports Pitches	14,550	12,187	(2,363)
Golf Course	74,300	85,582	11,282
Driving Range	35,550	15,097	(20,453)
Parks and Play Areas	202,950	191,178	(11,772)
Sub-Total	777,800	712,808	(64,992)
<u>Environment</u>			
Environment	96,600	93,269	(3,331)
Street Equipment	7,800	6,026	(1,774)
Allotments	22,450	22,265	(185)
Cemeteries	48,400	43,105	(5,295)
Church Works	11,500	10,400	(1,100)
Sub-Total	186,750	175,065	(11,685)
Contingency Sum	12,500	-	(12,500)
Transfer to Reserves	75,000	-	(75,000)
Less LCTSS Grant	(161,850)	(161,874)	(24)
Precept / Net Spending	1,661,050	1,384,586	(276,464)

- 3.7 As can be seen in the above summary, there was an overall year-end saving on the Council's 2019/20 Revenue Budget, including the budgeted contribution to reserves, of £276,464 or 16.6%.
- 3.8 This Revenue Budget surplus is very welcome, as it comes at a time when the Coronavirus pandemic and associated lockdown measures are having a significant impact on Council services and resulting in substantial lost revenue, particularly at the sports and golf complexes.
- 3.9 The Revenue Budget saving has been transferred to the Council's balances and reserves helping to replenish and increase those balances at a time when the Council's Medium-Term Financial Plan continues to forecast significant capital investment commitments and diminishing reserves over the longer term.

- 3.10 Detailed commentary on the 2019/20 Revenue Budget position broken down by each committee, and highlighting the specific 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 £112,250 or 14.6% on the Policy and Resources Committee Revenue Budgets during 2019/20.

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

- A saving on members and civic costs of £5,250;
- An unspent balance on the donations budget of £2,000;
- Savings of £35,500 on central establishment staffing costs from two flexible retirements, as well as staff turnover and vacancies during the year including the events officer and administrative assistant posts;
- A saving of £2,250 on unused pre-school staff cover;
- A saving of £14,000 in works staffing costs linked to the flexible retirement of the tractor driver and reduced staff overtime;
- Higher than expected pre-school funding income totalling £15,500 as a result of higher attendance numbers and the receipt of additional funding linked to special educational needs;
- A £3,500 increase in investment income due to better than expected levels of balances and reserves;
- A £6,000 saving on the use of external consultants;
- A £5,500 saving on information technology costs following the delay of paper light office and governance initiatives;
- Various savings on running costs totalling £22,750 including on staff training, office running costs, health and safety support, youth council costs, pre-school supplies, works tools and equipment, equipment maintenance, vehicle fuel and bedding plants.

Please note that there was an unbudgeted cost of £7,377 for the by-election in the Woodham Ward, and this has been accounted for in the Corporate Services Revenue Budget.

4.2 Recreation Committee

There was a saving of £65,000 or 8.4% on the Recreation Committee Revenue Budgets during 2019/20.

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

- A saving of £3,250 on the events budget mainly as a result of non-attendees on the senior citizens' trips as well as lower than expected costs on a number of other events budgets;
- Savings on £9,000 across all of the recreation budgets from the re-tender of the insurance and cash collection contracts;
- A saving of £8,250 on sports complex staff cover due to reduced levels of absence and overtime;
- A saving of £22,000 on sports complex running costs including on staff training, building maintenance, gas and water costs, service agreements, catering stocks and marketing;
- Sports complex income was £3,500 up on budget, largely as a result of a substantial increase in bar takings;
- A £15,750 increase in driving range takings as a result of the fifty pence increase in fees and increased usage;
- A £5,500 increase in golf shop sales;
- A £750 increase in football pitch income from an additional team;
- A saving of £10,500 on sports pitch, parks and play area maintenance costs.

However, it should be noted that these savings have been partly offset by a shortfall in golf course income of £13,500 largely as a result of a fall in green fee income due to the very wet weather.

It is also worth noting that a number of areas of sports complex income are down on budget, although this has been masked by the significant increase in bar income. The most significant falls have been in five a side, catering and gaming machine income.

4.3 Environment Committee

There was a saving of £11,750 or 6.3% on the Environment Revenue Budgets during 2019/20.

The main factors contributing towards the above position are as follows:-

- A saving of £3,250 on environment running costs including on building maintenance, service contracts, tools and equipment, events and projects, equipment, waste disposal costs and wildflower meadow maintenance;
- A £4,250 saving on maintenance costs across the cemeteries, allotments and street equipment budgets;
- A significant increase of £4,250 in cemeteries income as a result of increased numbers of interments and purchases.

4.4 Contingency Sum and Contribution to Capital Reserves

There was no use of the **Revenue Budget Contingency Sum** during the year resulting in a **saving** to the Revenue Budget of **£12,500**.

The Council also made the **planned £75,000 contribution to capital reserves** from the Revenue Budget at the end of the year.

5.0 Revenue Budget Support Reserve

5.1 Use of Budget Support Reserve in 2019/20

Members may recall that as part of the approval of the 2018/19 year-end position, a total of **£30,582** was transferred from the 2018/19 Revenue Budget saving to the Revenue Budget Support Reserve.

These resources were identified and set aside to fund a number of potential issues that were on-going at the end of year, and for which additional budget was expected to be required in 2019/20. This included a sum of £20,000 to double the Large Community Events 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, although the actual use of the Reserve was very limited.

An analysis of the resources set aside within the **2019/20 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 £2,037 has been transferred to service revenue budgets during the year. This resulted in an unused sum of £28,545 being transferred back to Council Balances.

This is largely due to the £20,000 sum carried forward to support the large events budget not being used.

5.2 Proposed 2020/21 Revenue Budget Support Reserve

A total of **£19,820** has been identified in ongoing Revenue Budget commitments at the end of the 2019/20 financial year for which it is requested that some of the Revenue Budget savings are **carried forward in the Revenue Budget Support Reserve to support the 2020/21 Revenue Budget**.

This includes £10,000 to boost the Council's 2020/21 donations budget at this difficult time when local community organisations may need additional support in the months to come.

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

6.0 2019/20 Year End Capital Programme Budget Position

- 6.1 The Council approved an original Capital Programme Budget for 2019/20 totalling £160,000.
- 6.2 However, this was subsequently reduced to £135,000 after it was agreed to bring forward the £25,000 budget for the replacement of the golf greens mower to the 2018/19 financial year.
- 6.3 The 2019/20 Capital Programme Budget was subsequently increased to provide for the carry forward of a large number of capital commitments and on-going projects outstanding at the end of the 2018/19 financial year totalling £141,500.
- 6.4 These ongoing projects included a replacement works vehicle, roofing works, replacement of the bowls hall carpet and bar furniture and various other small projects at the sports complex, and stump removal and replanting of hedges at Stephenson Way Cemetery.
- 6.5 This carry forward was approved by the Policy and Resources Committee on 5th June 2019.
- 6.6 There have subsequently been two additional budget approvals agreed at the Policy and Resources Committee during the year; £20,000 to meet the net cost, after external grant funding, of the pre-school extension, and £3,000 for the replacement of the pre-school boiler.
- 6.7 It was also agreed, under the Town Clerk's emergency delegated powers, to bring forward the £22,500 budget for the replacement of the mini excavator machine, following the onset of the Coronavirus crisis.
- 6.8 **The Council's final approved Capital Programme Budget for 2019/20 therefore stood at £322,000**, and a copy of the adjusted budget is attached at **Appendix 4**. This includes more detail on the adjustments made to the budget since it was originally approved.
- 6.9 **Final spending on the 2019/20 Capital Programme Budget totalled £125,646 and this has been funded from the Council's Earmarked Capital Reserves which are set aside for this purpose.**
- 6.10 Members will note that there was therefore an underspend of nearly £200,000 on the 2019/20 Capital Programme Budget.
- 6.11 This 'saving' was because many of the projects included in the budget were 'provisional' sums and did not go ahead this year, while some projects have been delayed, and the final costs on a number of other projects was less than budgeted.

6.12 Projects completed during the year included:-

- Installation of LED lighting at the Council Offices;
- Repair of the automatic gate at the Depot;
- Flooring replacement, plastering works and a replacement boiler at St Oswald's Pre-School;
- Electrical testing and remedial works across all Council buildings;
- A replacement works tipper vehicle and mini excavator machine;
- Replacement computers and laptops and the set-up of home working for key staff;
- Website accessibility improvements;
- Replacement festive lighting;
- Payment of the final balance for Aycliffe Village play area;
- Purchase of driving range targets and tee mats and a storage container for the golf buggies;
- Various projects at the sports complex including bar service lift repairs, installation of shutters, refurbishment of the bowls hall carpet, replacement bar furniture and carpet cleaning;
- Tree stump grinding and replanting of hedging at Stephenson Way Cemetery;
- Replacement bins and public seating;
- Footpath improvement works in the Woodham Burn area;
- Tree works and scrub management in the Agnew 5 woodland; and
- Footpath repairs.

6.13 A number of projects will need to be carried forward into the new 2020/21 financial year, and **it is requested that a total of £136,250 is carried forward to meet the cost of these ongoing capital projects.**

6.14 These projects include:-

- Replacement of the Council Offices automatic door motor;
- St Oswald's pre-school extension;
- Additional monies for the purchase of electrical machinery;
- The unused resources within the information technology budget relating to the upgrade of the Oak Leaf server, reviewing the electronic filing system and moving data online, the completion of the set-up of remote working for key staff and monies to facilitate the possible setup of systems and infrastructure to enable virtual meetings to be held in the event that the Coronavirus social distancing restrictions remain in place;
- Replacement of the driving range external door and ball washer machine and golf irrigation system repairs;
- Various works at the sports complex including roofing repairs, security improvements, further bar furniture replacements, sports hall flooring maintenance and kitchen equipment replacement;
- Footpath repairs;
- Completion of improvements in the Agnew 5 woodland; and
- Purchase of further remembrance seating.

6.15 A detailed breakdown of the final actual spending position on the Council's 2019/20 Capital Programme and the projects that are requested to be carried forward to 2020/21 is attached at **Appendix 5.**

7.0 Council Balances and Reserves

7.1 After accounting for the Revenue Budget saving highlighted earlier, and the financing of the Capital Programme from the Council's earmarked reserves as highlighted above, **Council Balances and Reserves increased by £157,599 over the course of the year from £1,109,535 the start of the year to £1,267,134 at the end of the year.**

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

Council Balances and Reserves	£
General Fund Balance	100,435
Budget Support Fund	30,582
Community Benefit Fund	3,318
Allotments Bonds Holding Account	200
Earmarked Revenue Reserves	25,000
Earmarked Capital Reserves	950,000
Actual Balances Held as at 1st April 2019	1,109,535
Contribution to Balances in 2019/20:	
2019/20 Revenue Budget Saving	201,464
2019/20 Contribution to Earmarked Reserves	75,000
Additional Allotments Bonds Received	200
Proceeds from Sale of Works Machinery	8,618
Forecast Use of Balances in 2019/20:	
Less Funding of the 2019/20 Capital Budget	(125,646)
Less Use of the Budget Support Reserve	(2,037)
Forecast Balances Held as at 31st March 2020	1,267,134

7.3 This level of balances is around £300,000 better than forecast in the Council's current Medium-Term Financial Plan and has strengthened the Council's year-end financial position.

7.4 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 **£167,705** to provide for possible COVID-19 losses.
- **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 **£19,820** has been carried forward to 2020/21.
- **Community Benefit Fund** which holds community benefit monies generated from the solar farm at School Aycliffe totalling **£4,208**;
- **The Allotments Bonds Account**, which holds the bonds from tenants with pigeon lofts and poultry sites, totalling **£400**.

- **Earmarked Revenue Reserves** which are set aside to meet specific Revenue Budget requirements as follows:-
 - **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 future replacements of Council vehicles and machinery. A total of **£250,000** 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 **£250,000** 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 **£75,000** 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 **£125,000** 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 **£75,000** is currently set aside in this reserve.

7.5 During 2020/21, the following movement in the Council's Balances and Reserves is estimated:-

- Estimated net losses if the Coronavirus lockdown measures continue totalling £12,500 to £25,000 per month;
- The funding of the Revenue Budget and Capital Programme carry forward requirements from 2019/20 totalling £19,820 and £136,250 respectively;
- The funding of the adjusted 2020/21 Capital Programme Budget totalling £264,750; and
- The planned £75,000 contribution to capital reserves from the 2020/21 Revenue Budget.

- 7.6 **This would see Balances and Reserves fall to as low as £1 million by the end of 2020/21**, and lower than this if there is an extended Coronavirus lockdown impacting on sports and golf complex income.
- 7.7 Balances would be higher than indicated if the Coronavirus lockdown measures are lifted sooner than expected, if the contingency sum is not used this year and if efficiency savings continue to be delivered on the Council's Revenue Budget, as they have been in recent years.
- 7.8 As highlighted earlier, despite the anticipated fall in balances over the course of the next year, the current level of reserves is much better than forecast in the Council's previous Medium-Term Financial Plan.
- 7.9 This positive financial situation is partly as a result of the ongoing savings being achieved on the Revenue Budget and partly because of the Council's ongoing efforts to control capital spending.
- 7.10 The Council's strong financial position is an endorsement of the actions taken by the Council to restrict capital expenditure and boost the contribution to capital reserves in the Revenue Budget, via the 5% council tax increase last year, which has mitigated the risks identified in the Medium-Term Financial Plan in relation to diminishing balances.
- 7.11 This healthy level of balances and reserves will be very important moving forward, as the financial impact of the Coronavirus pandemic becomes clearer, and as the Council deals with the longer-term challenges highlighted in the Medium-Term Financial Plan in relation to the funding of longer-term capital investment commitments.

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.

8.2 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 £131,600.

Interest payable on the existing loans totalled £6,396 in the current financial year, while principal repayments totalled £19,150.

The total balance of loans outstanding at the 31st March 2020 was £112,450.

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.

8.3 Short Term Investments

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

At 31st March 2020, the Council had £1,186,590 invested in a 100-day notice account with the Council's bank.

Interest rates on both the 100 Day Notice Account and Public Sector Deposit Fund are currently running at around 0.75% in line with the Bank of England Base Rate.

Total investment income for the year was significantly up on budget at £10,686 as a result of 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 sets out the arrangements for managing the Council's loans and investments.

8.4 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 2020 was very low with only one invoice outside of the approved payment terms. This invoice has subsequently been paid.

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 and controls its finances prudently and helps to 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 overspending 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 proactive 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 General Data Protection Regulations (GDPR)

17.1 There is no personal or sensitive data required for this proposal which may have any implications for GDPR.

18.0 Recommendations

18.1 It is recommended that Members:-

- a) Receive the year-end financial position on the Council's 2019/20 Revenue Budgets;
- b) Receive the year-end financial position on the Council's 2019/20 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 6.13;
- e) Continue to receive quarterly budgetary control reports during the 2020/21 financial year, detailing the financial position and expected outturn on the Council's 2020/21 Revenue and Capital Budgets.