

# 2020/21 REVENUE AND CAPITAL BUDGET YEAR-END OUTTURN POSITION

## AGENDA ITEM NO.

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**MEETING: POLICY AND RESOURCES**

**DATE: 9<sup>TH</sup> JUNE 2021**

**REPORT BY: FINANCE MANAGER**

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### **1.0 Purpose of the Report**

- 1.1 The purpose of this report is to provide Member's with details of the year-end outturn position on the Council's approved Revenue and Capital Budgets for the 2020/21 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 2020/21 Accounting Statements, which are part of the 2020/21 Annual Governance and Accountability Return (AGAR), are due to be presented to Council on the 16<sup>th</sup> June 2021.

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

- 2.1 **The Council set a Net Revenue Budget for the 2020/21 financial year, as represented by the Precept, of £1,717,500.**
- 2.2 Despite some unavoidable losses relating to the Coronavirus pandemic, particularly in relation to lost income at the sports complex and driving range, the Council has delivered substantial savings against its 2020/21 Revenue Budget.
- 2.3 **Actual final spending for the year was £1,304,715, which resulted in a year-end saving of £412,785, equating to 24% 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 £28,750 contingency sum;
  - The unfortunate cancellation of most of the Council's community events programme which has saved almost £141,000;
  - Significant savings in staffing costs from unfilled staff vacancies, very limited overtime, and claims to cover sports and golf complex staff costs under the Coronavirus Job Retention Scheme;
  - Much lower than usual spending during the lockdown periods across all services e.g. some services shutdown, reduced number of council meetings and little corporate and civic activity;
  - Significantly higher than budgeted pre-school funding, with additional funding having been received to ensure the service could continue, and very high attendance numbers since the initial lockdown;

- A substantial increase in golf green fee takings, assisted by favourable weather conditions and the fact that golf was one of the few sports permitted under the Government restrictions in 2020.
- 2.5 These savings have been achieved despite income losses experienced, as a result of the Coronavirus pandemic, at the sports complex and driving range during what has been a challenging and unprecedented year.
  - 2.6 This has left the Council in an unique situation whereby the Coronavirus pandemic has actually helped to deliver a substantial financial saving on the Council Revenue Budget.
  - 2.7 A significant proportion of this surplus is made up of 'one-off' savings that have come about directly because of the Coronavirus pandemic, largely as a result of services that have not taken place during the year, including the unfortunate cancellation of the vast proportion of the Council's community events programme.
  - 2.8 It is for this reason that the Council agreed at the October Policy and Resources meeting to set aside a relevant proportion of the 2020/21 Revenue Budget saving in a 'COVID-19 Recovery Reserve', with a view to passing these savings back to local taxpayers via one-off investments during the 2021/22 financial year to help compensate for the services that have not taken place this year. A proposed amount of £100,000 has been set aside in the COVID-19 Recovery Reserve.
  - 2.9 The remaining 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. This transfer has enabled the balances and reserves to be replenished, thereby maintaining the Council's health financial position.
  - 2.10 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.
  - 2.11 A total of £27,500 has been identified in respect of on-going revenue budget commitments, for which it is requested that some of the 2020/21 Revenue Budget savings are carried forward in the Revenue Budget Support Reserve to support the 2021/22 Revenue Budget.
  - 2.12 **The Council's final approved Capital Programme Budget for 2021/21 stood at £426,000.** The original approved programme was £287,250, this was reduced to £264,750 as the purchase of a replacement mini excavator at £22,500 was brought forward to 2019/20. The capital programme was subsequently increased from £264,750 to provide for the approved carry forward of on-going commitments of £136,250 from the 2019/20 financial year, and an additional budget approval of £25,000 to provide for the pre-school extension.
  - 2.13 **Final spending on the 2020/21 Capital Programme Budget totalled £99,375, and this has been funded from the Council's Earmarked Capital Reserves which are set aside for this purpose.**
  - 2.14 Final spending was therefore almost £327,000 under budget.

- 2.15 This was due to many of the projects included in the 2020/21 Capital Programme Budget having been postponed or delayed as a consequence of the Coronavirus pandemic. In addition to this a number of the budgets were 'provisional' sums and did not go ahead during the year.
- 2.16 A number of projects will need to be carried forward into the new 2021/22 financial year, and **it is requested that a total of £308,000 is carried forward to meet the cost of these ongoing capital projects.**
- 2.17 These projects include the completion of the pre-school extension, replacement of the roof at the Council Offices, replacement ride on mower, various information technology improvements linked to Woodham Park play area, various building works at the golf and sports complex and works linked to Ash Tree dieback.
- 2.18 More detail on the 2020/21 Capital Programme Budget position is provided in Section 6 of the Report.
- 2.19 As highlighted earlier, the saving on the 2020/21 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 2021/22 Capital Budget.
- 2.20 **In overall terms, the Council's balances and reserves therefore increased from £1.267 million at the start of the year to £1.608 million at the end of the year.**
- 2.21 This level of balances is around £575,000 better than forecast in the Council's current Medium-Term Financial Plan and this has strengthened the Council's year-end financial position.
- 2.22 This is a much higher than expected level of year-end balances and reserves and adds significant weight to the principle of setting-up the COVID Recovery Fund in order to pass back the one-off savings made during 2020/21, as a result of cancelled events and reduced services, to local taxpayers via one-off investments next year.
- 2.23 Net year-end balances, after taking into account the funding of the delayed capital projects referred to above, ongoing revenue commitments and the set-up of a £100,000 COVID-19 Recovery Reserve, would fall to around £1.172 million.
- 2.24 Whilst the Council's balances and reserves are forecast to fall significantly over the coming financial year, this is still considered to be a healthy level of balances, particularly taking into account the challenges faced as a result of the Coronavirus pandemic.
- 2.25 This is a significant achievement in these unprecedented times and a positive endorsement of the prudent management and planning of the Council's finances over a long period of time.
- 2.26 This strong financial position will be very important moving forward, 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.

- 2.27 The Government's Coronavirus Roadmap seeks to relax the majority of restrictions, however there remains a risk of future disruptions, and the Council is well placed to deal with any further impacts as a result of the pandemic and maintain a healthy financial position.
- 2.28 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 2021/22 to 2025/26, highlighting how the Council's Revenue and Capital Budget may need to change to respond to the challenges that lie ahead.

### **3.0 2020/21 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 2020/21 Revenue Budget were adjusted following the 2019/20 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 2020/21.

<b>Budgets by Committee and Service Area</b>	<b>2020/21 Approved Budget £</b>	<b>Final Outturn £</b>	<b>(Saving) / Overspend £</b>
<b><u>Policy and Resources</u></b>			
Members and Civic	73,000	60,764	(12,236)
Finance Service	77,800	75,951	(1,849)
Administration Service	76,850	85,922	9,072
Corporate Service	261,950	247,677	(14,273)
St Oswald's Pre School	52,850	3,971	(48,879)
Works	154,500	117,362	(37,138)
Depot	28,100	25,924	(2,176)
Capital Financing	19,250	18,070	(1,180)
<b>Sub-Total</b>	<b>744,300</b>	<b>635,641</b>	<b>(108,659)</b>
<b><u>Recreation</u></b>			
Special Events	206,200	65,359	(140,841)
Sports Complex	316,650	266,098	(50,552)
Sports Pitches	16,150	14,530	(1,620)
Golf Course	79,650	62,585	(17,065)
Driving Range	24,950	55,126	30,176
Parks	144,600	124,726	(19,874)
Play Areas	61,250	50,409	(10,841)
<b>Sub-Total</b>	<b>849,450</b>	<b>638,833</b>	<b>(210,617)</b>
<b><u>Environment</u></b>			
Environment	99,250	100,550	1,300
Street Equipment	7,250	5,393	(1,857)
Allotments	22,950	26,317	3,367
Cemeteries	44,050	54,182	10,132
Church Works	11,500	8,835	(2,665)
<b>Sub-Total</b>	<b>185,000</b>	<b>195,277</b>	<b>10,277</b>
<b>Contingency Sum</b>	28,750	-	(28,750)
<b>Transfer to Reserves</b>	75,000	-	(75,000)
<b>Less LCTSS Grant</b>	(165,000)	(165,036)	(36)
<b>Precept / Net Spending</b>	<b>1,717,500</b>	<b>1,304,715</b>	<b>(412,785)</b>

- 3.7 **As can be seen in the above summary, there was an overall year-end saving on the Council's 2020/21 Revenue Budget, including the budgeted contribution to reserves, of £412,785 or 24%.**
- 3.8 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.
- 3.9 Detailed commentary on the 2020/21 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 £108,659 or 14.6% on the Policy and Resources Committee Revenue Budgets during 2020/21.**

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

- Savings across all budgets due to very limited spending during the Coronavirus lockdown periods, e.g. offices have been largely closed, there has been a reduced number of council meetings and very little corporate and civic activity;
- Significant savings on staffing costs as a result of flexible retirements, staff turnover and unfilled vacancies, and much lower than usual staff overtime and cover requirements;
- Substantially higher than budgeted pre-school funding as a result of the maximum amount of funding for the summer term having been paid upfront by Durham County Council Early Years Department to help ensure that the service could continue during the initial Coronavirus lockdown period, the receipt of specific COVID-19 funding for those children still attending, and very high attendance numbers since the end of the initial lockdown period.

### **4.2 Recreation Committee**

**There was a saving of £210,617 or 24.8% on the Recreation Committee Revenue Budgets during 2020/21.**

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

- A £140,841 saving from the unfortunate cancellation of most of the Council's 2020 community events programme;
- Savings across all budgets due to limited spending during the Coronavirus lockdown periods e.g. reduced premises running costs and no spending on supplies and services during the times the sports and golf complex have been closed;
- The reclaim of a significant proportion of sports and golf complex staff costs from the Government's Coronavirus Job Retention Scheme;
- A substantial increase in golf green fee takings in the summer months, assisted by favourable weather conditions and the fact that golf was one of the few sports permitted under the Government restrictions, which has seen income exceed budget targets.

As a result of the above, both the sports complex and golf course budgets have delivered a year-end saving against budget which is an outstanding achievement in the circumstances.

On the downside, there is a £30,175 overspend on the driving range and golf shop budget. This is as a result of lost income during the lockdown periods and the impact on usage of social distancing rules and other rules e.g. households being prevented from mixing during the times that the facility has been open.

### 4.3 Environment Committee

**There was a overspend of £10,277 or 5.6% on the Environment Revenue Budgets during 2020/21.**

The main factor contributing towards the overspend was the realignment of works section recharges at year end, based on actual time worked as per timesheets, as a result of the increased interments and more time spent in maintaining the cemeteries and allotments.

### 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 **£28,750**.

The existence of the contingency sum is another contributing factor towards the fact that the Council has been able to offset the unforeseen income losses suffered as a result of the Coronavirus lockdown and deliver a substantial saving on its Revenue Budget of the year.

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 2020/21

Members may recall that as part of the approval of the 2019/20 year-end position, a total of **£19,820** was transferred from the 2019/20 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 2020/21. This included a sum of £10,000 to boost the Council's 2020/21 donations budget to facilitate support to local community organisations who have suffered financial difficulties during the pandemic.

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 **2020/21 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 £845 has been transferred to service revenue budgets during the year. This resulted in an unused sum of £18,975 being transferred back to Council Balances.**

### 5.2 Proposed 2021/22 Revenue Budget Support Reserve

A total of **£27,500** has been identified in ongoing Revenue Budget commitments at the end of the 2020/21 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 2021/22 Revenue Budget**.

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

### **5.3 Proposed 2021/22 COVID-19 Recovery Reserve / Community Grants Fund**

A significant element of the year end surplus is made up of 'one-off' savings as a result of the Coronavirus pandemic, including the unfortunate cancellation of the majority of the Council's community events programme.

The Council agreed at the October 2020 Policy and Resources meeting to set aside a proportion of the 2020/21 Revenue Budget savings in a 'COVID-19 Recovery Reserve', with a view to passing these savings back to local taxpayers via one-off investments during the 2021/22 financial year, to help compensate for the services that have not taken place during 2020/21.

Potential uses of this 'COVID-19 Recovery Reserve' include:-

- Setting up a Community Grants Fund to provide financial assistance to local organisations to help them recover from the pandemic;
- Investing more money in events taking place in 2021/22 or subsequent years to make up for the cancellation of the 2020 events;
- Investing in environmental improvements such as tree and bulb planting and creation of new wildflower meadows.

The proportion of the overall saving specifically attributable to the pandemic is assessed as being in the region of £100,000 to £150,000.

**It is requested that Members determine how much of the year-end saving is set aside in the COVID-19 Recovery Reserve and on the allocation of this money.**

### **6.0 2020/21 Year End Capital Programme Budget Position**

- 6.1 The Council approved an original Capital Programme Budget for 2020/21 totalling £287,250.
- 6.2 However, this was subsequently reduced to £264,750 after it was agreed, under the Town Clerk's emergency delegated powers, to bring forward the £22,500 budget for the replacement of the mini excavator machine to the 2019/20 financial year. This decision was taken in order to mitigate the risk of additional burials following the outbreak of the Coronavirus pandemic.
- 6.3 The 2020/21 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 2019/20 financial year totalling £136,250 and an additional budget approval of £25,000 to provide for the pre-school extension.
- 6.4 These ongoing projects included the unspent resources in the information technology budget to facilitate the completion of the set-up of remote working for key staff and the set-up of systems and infrastructure to



enable virtual Council meetings to be held, as well as various works at the sports complex including roofing repairs, security improvements, further bar furniture replacements, sports hall flooring maintenance and kitchen equipment replacement.

- 6.5 The carry forward was approved by the Policy and Resources Committee on 26<sup>th</sup> August 2020.
- 6.6 **The Council's final approved Capital Programme Budget for 2020/21 therefore stood at £426,000**, 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.
- 6.7 **Final spending on the 2020/21 Capital Programme Budget totalled £99,375 and this has been funded from the Council's Earmarked Capital Reserves which are set aside for this purpose.**
- 6.8 Members will note that there was therefore an underspend of almost £327,000 on the 2020/21 Capital Programme Budget.
- 6.9 This 'saving' was because some of the projects included in the budget were 'provisional' sums and did not go ahead this year. However the major factor for the underspend was as a result of delayed projects as a consequence of the Coronavirus pandemic.
- 6.10 Projects completed during the year included:-
- Purchase of electric machinery
  - Purchase of laptops and remote working set up
  - Oak Leaf server upgrade
  - Website accessibility improvements
  - Replacement festive lighting
  - Shutter safety improvements at Moore Lane Pavilion
  - St Oswald's play area safety surfacing works
  - St Oswald's Allotments fencing
  - Purchase of VE Day benches
  - Commencement of Ash Tree dieback works
- 6.11 A significant number of projects will need to be carried forward into the new 2021/22 financial year, and **it is requested that a total of £308,000 is carried forward to meet the cost of these ongoing capital projects.**
- 6.12 These projects include:-
- Replacement of the flat roof at the Council Offices
  - Cleaning of the separation tank at the depots and alarm sensors
  - Completion of the St Oswald's pre-school extension
  - Replacement of ride on mower
  - Migration of electronic data to the cloud
  - Wi-fi and cabling works to enable electronic meetings
  - Upgrade of the main computer server
  - Woodham Park Play Area upgrade
  - Works at the driving range including steelwork painting, replacement ball washing machine and purchase of range tee mats
  - Works at the Golf Complex including repairs to the irrigation system and purchase of golf course tee mats.
  - Various works at the sports complex including roofing repairs, security improvements, further bar furniture replacements, sports

- hall flooring maintenance and kitchen equipment replacement and squash court flooring;
- Programme of felling and replanting in relation to the Ash Tree dieback works
- Agnew 5 Improvements

6.13 A detailed breakdown of the final actual spending position on the Council's 2020/21 Capital Programme and the projects that are requested to be carried forward to 2021/22 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 £340,633 over the course of the year from £1,267,133 the start of the year to £1,607,766 at the end of the year.**

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

<b>Council Balances and Reserves</b>	<b>£</b>
General Fund Balance	167,705
Budget Support Fund	19,820
Community Benefit Fund	4,208
Allotments Bonds Holding Account	400
Earmarked Revenue Reserves	50,000
Earmarked Capital Reserves	1,025,000
<b>Actual Balances Held as at 1<sup>st</sup> April 2020</b>	<b>1,267,133</b>
<b>Contribution to Balances in 2020/21:</b>	--
2020/21 Revenue Budget Saving	337,785
2019/20 Contribution to Earmarked Reserves	75,000
Additional Allotments Bonds Received	200
Proceeds from Sale of Works Machinery	17,868
Capital Contributions received	10,000
<b>Forecast Use of Balances in 2019/20:</b>	--
Less Funding of the 2019/20 Capital Budget	(99,375)
Less Use of the Budget Support Reserve	(845)
<b>Forecast Balances Held as at 31<sup>st</sup> March 2020</b>	<b>1,607,766</b>

7.3 This level of balances is around £575,000 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 reduced to **£146,689**.
- **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 **£27,500** has been carried forward to 2021/22.

- **Community Benefit Fund** which holds community benefit monies generated from the solar farm at School Aycliffe totalling **£5,109**;
- **The Allotments Bonds Account** which holds the bonds from tenants with pigeon lofts and poultry sites, totalling **£600**.
- **COVID-19 Recovery Reserve** if approved this reserve will be used to pass savings made in 2020/21 back to local taxpayers to help compensate for services that have not taken place due to the Coronavirus pandemic. The proposed reserve is **£100,000**.
- **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 **£500,000** 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 **£100,000** 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.
  - **Capital Contribution** which was received in 2020/21 for the pre-school extension. A total of **£10,000** is set aside.
  - **Capital receipts** which were received in 2020/21 to be used against future Capital spend. A total of **£17,868** is set aside.

- 7.5 During 2021/22, the following movement in the Council's Balances and Reserves is estimated:-
- The funding of the Revenue Budget and Capital Programme carry forward requirements from 2020/21 totalling £27,500 and £308,000 respectively;
  - Utilisation of the £100,000 COVID-19 Recovery Fund.
  - The funding the 2021/22 Capital Programme Budget totalling £198,500
  - The planned £50,000 contribution to capital reserves from the 2021/22 Revenue Budget.
- 7.6 **This would see Balances and Reserves fall to £1.024 million by the end of 2021/22**, this could be impacted further should there be a change to the Government roadmap out of the Coronavirus pandemic, of if there are any subsequent tightening of Coronavirus restrictions or further lockdowns.
- 7.7 Balances would be higher than indicated 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 partly due to one off savings directly linked to the Coronavirus Pandemic and partly because of the Council's ongoing efforts to control capital spending.
- 7.10 The Council's strong financial position is important at a time when the Medium-Term Financial Plan continues to forecast significant capital investment commitments and diminishing balance and reserves over the medium to long-term.

## **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 one annuity loans outstanding with the Public Sector Loans Board, with one loan coming to the end of its term during the financial year. The total amount of the loans outstanding at the beginning of the financial year was £112,450.

Interest payable on the existing loans totalled £5,667 in the current financial year, while principal repayments totalled £14,600.

**The total balance of loans outstanding at the 31st March 2021 was £97,850.**

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 31<sup>st</sup> March 2021, the Council had £1,295,426 invested in a 100-day notice account with the Council's bank, and a further £250,000 is invested with the Public Sector Deposit Fund.**

Interest rates on both the 100 Day Notice Account and Public Sector Deposit Fund are currently running at around 0.01% with the Bank of England Base Rate currently standing at 0.1%.

Total investment income for the year was down on budget at £8,837 as a result of lower interest rates than anticipated.

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 31<sup>st</sup> March 2020 was low with only three invoice outside of the approved payment terms. These invoices have 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 and Climate Change 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 2020/21 Revenue Budgets;

- b) Receive the year-end financial position on the Council's 2020/21 Capital Programme Budgets;
- c) Receive the year-end position on the Council's Balances and Reserves and approve the proposed allocation of those balances;
- d) Approve the Revenue Budget and Capital Programme carry forward requests referred to in paragraphs 5.2 and 6.11;
- e) To agree the establishment of a COVID-19 Recovery Reserve and advise officers of how much of the 2020/21 revenue budget savings is to be set aside in this reserve and on the preferred allocation of this reserve (as referred to in paragraph 5.3).
- f) Continue to receive quarterly budgetary control reports during the 2021/22 financial year, detailing the financial position and expected outturn on the Council's 2021/22 Revenue and Capital Budgets.