

Annual Report on the Council's Finances 2023/24

1. Introduction

Welcome to this annual report on the Council's finances which we hope you will find informative and of interest.

This report sets out the Council's spending plans for this year; 2024/25, whilst also providing a summary of the Council's actual income, expenditure, and financial performance over the last year; 2023/24.

2. The Council Budget

The Council Budget is an estimate of the resources that the Council will require to be raised from council tax to fund all of the services it provides for the year ahead.

The Budget covers the financial year which runs from 1st April to 31st March. The Council needs to set a Revenue Budget and a Capital Budget each year.

The **Revenue Budget** funds the day to day running costs of the Council's services such as salaries and goods and services, and the net cost, after deducting any income receivable from fees and charges and grants, is met from the Town Council proportion of the Council Tax.

The **Capital Budget** funds major one-off investment in the Council's fixed assets such as its buildings, vehicles and play areas and is funded from the Council's Balances and Reserves and any external grants that may be available.

3. 2024/25 Revenue Budget

The 2024/25 Revenue Budget was prepared in line with the key principles from the Council's Medium-Term Financial Plan, which are:-

- 1. Continuing to provide all Council services, facilities and events and maintaining current standards of service.*
- 2. Identifying and delivering efficiency savings where possible.*
- 3. Safeguarding a prudent level of balances and reserves.*
- 4. Implementing an increase in council tax that finds a balance between the cost-of-living difficulties being faced by local taxpayers and dealing with the budget pressures faced by the Council in terms of pay awards, inflation, and the need to maintain services valued by the local community.*

The Town Council faced significant financial challenges in setting the 2024/25 Revenue Budget with significant unavoidable inflationary increases in costs, and increases in staff pay costs linked to increases in the National Living Wage.

In addition to this, it was announced by Durham County Council that the Local Council Tax Reduction Scheme (LCTRS) Grant would be cut by 50% over a period of three years, which added a further significant pressure to the Revenue Budget.

These increases were offset as far as possible from the identification and delivery efficiency savings and increases in income, particularly at the Oak Leaf Sports Complex, pre-school, driving range and golf shop.

In setting the budget the Council had to find a balance between delivering value for money to local taxpayers, whilst ensuring that all services, facilities and events can continue to be provided to the standards expected by residents, maintaining a firm foundation and some surplus resources to meet the budget challenges that lie further ahead, and enabling the continued replenishment of balances and reserves.

In overall terms, the Council's 2024/25 Net Revenue Budget, as represented by the Precept was set at £1,974,773 which is an increase of £84,034 or 4.4% on 2023/24.

The 2024/25 Revenue Budget is considered to be a robust and prudently set budget, that will ensure all services can continue to be provided to the standard expected by the residents of Great Aycliffe during the year, continue to provide a firm foundation and some surplus resources to meet the increase in running costs that lie further ahead, and allow the Council to continue to replenish its balances and reserves moving forward.

The table on the following page provides a summary of the Council's 2024/25 spending plans:-

2024/25 Revenue Budget Summary

Service Area	2024/25 Budget £
Members and Civic Expenses	81,250
Finance Section	99,850
Administration Section	98,900
Corporate Section	294,000
St Oswald's Pre Schools	330,550
Works	247,250
Depot	40,350
Capital Financing Charges	30,450
Community Events	219,250
Sports Complex	928,050
Sports Pitches	26,500
Golf Course	250,750
Driving Range and Golf Shop	171,500
Parks and Play Areas	230,200
Environment and Open Spaces	123,800
Street Equipment	8,900
Cemeteries and Church Works	135,600
Allotments	34,850
Contingency Sum	13,500
Total Cost of Running Town Council Services	3,365,500
Capital Programme Investment in Council Assets	156,350
Contribution to Capital Reserves	75,000
Total Planned Revenue and Capital Spending	3,596,850
Less Income	
Council Tax Support Grant	(172,177)
Pre-School Funding and Fees	(267,300)
Sports Complex Fees and Charges	(554,400)
Golf Course Fees and Charges	(140,700)
Driving Range and Golf Shop Fees and Charges	(176,850)
Cemeteries and Church Works Fees and Charges	(68,550)
Sports Pitches	(8,550)
Allotments Fees and Charges	(9,150)
Feed in Tariff Income from Solar Panels	(12,250)
Other Income	(10,800)
Investment Income	(45,000)
Total Income	(1,465,727)
Less Use of Council Balances - Capital Programme	(156,350)
Net Budget Requirement / Council Precept	1,974,773

4. 2024/25 Council Tax

The 2024/25 Band D Town Council Tax is £286.21 per year.

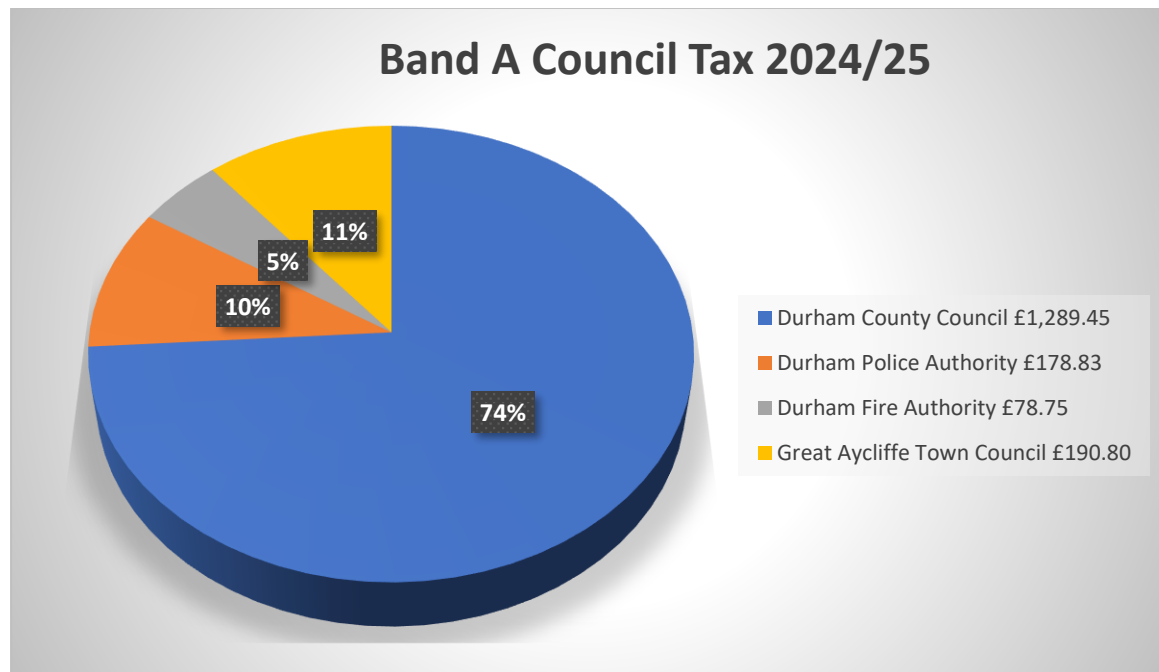
This is an increase of £12.02 a year or 4.38% on the 2023/24 Council Tax.

However, it is important to note that this increase was made up of a core Town Council increase of 2.65%, plus a further 1.73% as a direct consequence of the cut in the LCTRS Grant by Durham County Council.

It is also important to note that nearly six out of ten of the properties in Great Aycliffe fall within Council Tax Band A and therefore pay only two thirds of the Band D Council Tax.

The 2024/25 Band A Council Tax increased to £190.80 per year which equates to around £15.90 per month or £3.67 per week.

A breakdown of the 2024/25 Council Tax is shown below demonstrating that 11p in every £1 of the total Council Tax comes to the Town Council:-



5. 2024/25 Capital Programme Budget

The Council will continue to make capital investment in order to deliver the Council's Asset Management Plan and invest in community assets.

The Capital Programme Budget for 2024/25 was set at £156,350.

The budget includes provision for various building works, replacement machinery, information technology improvements, footpath repairs, play area safety surfacing replacement, and tree works.

The budget has been prepared on the basis of essential investment only linked to the need to closely control capital spending to help maintain and protect the Council's balances and reserves for as long as possible.

There were a large number of delayed capital projects in 2023/24, totalling £304,250, which have been carried forward to 2024/25.

This results in a total 2024/25 Capital Programme Budget of £460,600.

In order to continue to control capital spending, a review of this programme of works will take place to determine which projects go ahead and which are to be retained as provisional sums or deferred to a future year.

The Capital Programme Budget will be funded from the Council's Earmarked Capital Reserves which are set aside for this purpose.

6. Council Balances and Earmarked Reserves

The Council's Balances and Earmarked Reserves stood at £1.993 million at the end of March 2024.

This is better than forecast in the Medium-Term Financial Plan and is as a result of the higher-than-expected savings delivered on the Council's Revenue Budget, lower than expected spending on the Capital Programme Budget, receipt of a significant leisure service VAT claim and various capital grants last year.

During the 2024/25 financial year, after accounting for the funding of the 2024/25 Capital Programme Budget and ongoing revenue capital commitments carried forward from 2023/24, providing for the £75,000 contribution to capital reserves, and assuming that there will be no use of Revenue Budget Contingency Sum next year and no savings on the 2024/25 Revenue Budget, Council Balances and Earmarked Reserves would fall to around £1.404 million by the end of 2024/25.

This is considered to be an adequate level of reserves to fund capital spending commitments for the medium term and to provide some protection against future revenue budget pressures and possible cuts to funding.

However the forecast reduction in the level of balances and reserves over the longer term remains a key financial issue for the Council and will be assessed and reviewed in the forthcoming update of the Medium-Term Financial Plan.

7. 2022/23 and 2023/4 Actual Revenue Spending

A summary of the Council's actual expenditure in 2022/23 and 2023/24 in running its various services, and how this expenditure was funded is detailed below:-

2022/23 £	Service Area	2023/24 £
67,117	Members and Civic Expenses	67,829
90,999	Finance Section	95,293
73,622	Administration Section	73,333
262,463	Corporate Section	281,046
261,634	St Oswald's Pre Schools	323,876
226,444	Works Department	283,503
33,055	Depot	37,749
28,727	Capital Financing Charges	26,601
196,618	Community Events	203,269
805,361	Sports Complex	874,658
20,806	Sports Pitches	21,950
220,452	Golf Course	243,908
159,702	Driving Range and Golf Shop	156,279
144,310	Parks	145,865
62,470	Play Areas	59,931
98,431	Environment and Open Spaces	94,392
8,090	Street Equipment	10,678
95,916	Cemeteries	96,892
12,850	Church Works	12,850
29,994	Allotments	30,538
-	Contingency Sum	2,330
2,899,061	Total Cost of Running Council Services	3,142,770
	Less Income	
(191,681)	Council Tax Support Grant	(204,911)
(237,593)	Pre-School Funding and Fees	(294,681)
(503,622)	Sports Complex Fees and Charges	(583,471)
(122,090)	Golf Course Fees and Charges	(125,677)
(142,714)	Driving Range Fees and Charges	(157,679)
(65,557)	Cemeteries Fees	(56,769)
(8,189)	Allotments Rents	(8,872)
(6,886)	Sports Pitches	(8,642)
(8,155)	Other Income	(24,274)
(23,482)	Investment Income	(91,343)
(13,205)	Feed in Tariff Income from Solar Panels	(13,396)
(1,323,174)	Total Income	(1,569,715)
(10,893)	Less Use of Reserves	(23,538)
1,564,994	Actual Net Cost of Council Services	1,549,517
181,875	Contribution to Council Balances / Savings	341,222
1,746,869	Council Precept / Council Tax	1,890,739

The financial position and spending of the Council is continuously monitored and controlled in order to help achieve the most efficient use of public resources and as can be seen above, this prudent management of the Council's spending has resulted in savings being achieved in both 2022/23 and 2023/24.

Spending in 2023/24 was £341,222 or 18% under the level of Precept.

The main reasons for this saving were the budgeted contribution to capital reserves, limited use of the contingency sum, substantial savings on gas and electricity budgets due to a significant reduction in wholesale costs, savings on fuel costs due to a reduction in prices, substantially higher than budgeted investment income as a result of the significant increases to interest rates and higher than expected balances, savings in staffing costs as a result of vacancies during the year, significantly higher than budgeted income at the pre-school as a result of better-than-expected attendance, substantially higher than budgeted income at the Sports Complex as a result of increases in usage and VAT changes, and higher than budgeted income at the driving range and on golf shop sales.

All savings achieved on the Revenue Budget are set aside in the Council's Earmarked Reserves to provide for further investment in Council and community assets for the benefit of the tax payers of Great Aycliffe over the coming years.

8. 2022/23 and 2023/24 Actual Capital Investment

A summary of the Council's capital investment in Council and community assets in 2022/23 and 2023/24, and how this expenditure was funded is detailed below:-

2022/23 £	Investment Area	2023/24 £
55,560	Council Building Works and Improvements	40,521
53,166	Replacement Vehicles, Machinery and Equipment	32,868
3,820	Information Technology and Office Equipment	41,781
10,571	Parks and Play Area Improvements	100,280
17,630	Infrastructure Works (Drainage, Footpaths, Trees)	42,851
27,542	Street Equipment (Bus Shelters, Seats, Bins, Fencing)	28,750
168,289	Total Capital Investment	287,051
	Funded by:-	
139,960	Use of Council Balances and Reserves	197,150
28,329	External Funding	89,901
168,289	Funding of Capital Investment	287,051

9. Annual Return and External Audit Report

The Council completes an Annual Return each year comprising its Accounting Statements, Annual Governance Statement and Internal Auditors Report.

The Annual Return is reviewed by the Council's external auditors and an opinion is provided on whether the Council has prepared the accounts and governance statement in accordance with statutory requirements and proper practices for town and parish councils.

The Council is pleased to report that the external auditors did not raise any issues of concern in respect of the 2022/23 Annual Return.

The 2022/23 Audited Annual Return to the Council is available to view at the Council Offices or on the Council's website, along with the 2023/24 Unaudited Annual Return.