



FINAL

Internal audit report 2021/22

Visit 2 of 6

SWANAGE TOWN COUNCIL

Date: 26th November 2021

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Introduction

This report contains a note of the audit recommendations made to Swanage Town Council following the carrying out of internal audit testing on site on the 5th, 9th and 10th November 2021.

The audit work has been carried out in accordance with Appendix 9 of the 2014 'Governance and Accountability for Local Councils: A Practitioners' Guide', as supplemented by the requirements of the 2018/19 and 2019/20 AGAR, with additional tests specific to the Council as agreed with the Town Clerk and Finance Manager.

An internal audit covers the review of the operation of the Council's internal control environment. It is not designed to review and give full assurance over every transaction carried out by the Council. Instead it enables the auditor, following the sample testing of a number of different types of transaction, to give an opinion as to whether or not the control objectives are being achieved across a range of financial and governance systems.

Audit Opinion

As this audit report is an interim one, no audit opinion is offered at this stage.

The report issued after the final visit for 2021/22 (which will be in May 2022) will contain the audit opinion and a summary of all the high and medium level findings and recommendations made during the 2021/22 audit year.

The following areas were reviewed during this audit visit (all testing completed):

1. Income, with a specific focus on:
 - a. Allotments
 - b. Beach Gardens (work in progress, to be completed with site visit when kiosk reopens)
 - c. Car Parks (work in progress, no recommendations in this report)
2. Petty Cash

Audit Recommendations

Recommendations made during the audit are shown in appendix one to this report.
Recommendations are graded as follows:

Rating	Significance
High	Either a critical business risk is not being adequately addressed or there is substantial non-conformity with regulations and accepted standards.
Medium	Either a key business risk is not being adequately addressed or there is a degree of non-conformity with regulations and accepted standards.
Low	Either minor non-conformity with procedure or opportunity to improve working practices further.

The number of recommendations made at this audit visit and their priority are summarised in the following table:

Rating	Number
High	0
Medium	7
Low	3
Info	0
TOTAL	10

I would like to thank Martin Ayres, Town Clerk; Alison Spencer, Finance Manager; Stephen Morgan, Finance Officer; Culvin Milmer, Visitor Services Manager; Cara Johnston, Administration Officer, and the Visitor Services team for their assistance during this audit.

Darkin Miller ~ Chartered Accountants
2021/22 INTERNAL AUDIT OF SWANAGE TOWN COUNCIL
FINAL REPORT VISIT 2 OF 6: 27th NOVEMBER 2021

Appendix 1 – Recommendations and Action Plan

Recommendation number	Detail	Priority (Low/Medium/High)	Management Response	Responsible Officer	Due Date
6.1 – Reconcile Depot stamp float regularly	<p>I checked to see that petty cash and floats are identified on the balance sheet, physically exist and are at appropriate levels. I noted cash and stamp floats to the value of £535 on the balance sheet. I counted all floats and noted the following:</p> <ol style="list-style-type: none"> 1. There was a £1 difference on the TIC till float during the count (£1 less was showing than was expected based on the normal float plus the cash sales for the day). 2. The Depot stamps float had not been reconciled since the float was set up on 20/07/20. A record is made of stamps used, but it does not record stamps sold (there was an increase in cash over the period equivalent to the value of one 1st class and one Large 2nd class stamp). There also appears to have been an error with the recording of one stamp value as the float appears to hold one more large 1st class and one fewer ordinary 1st class stamps than expected. <p>I recommend that the Depot stamp float is reconciled at least quarterly, and that stamps sold are noted in the log book, in order to ensure that all usage is accounted for.</p>	L	Agreed to reconcile the Depot stamp float quarterly.	TH3/TH5/OPS1	November 2021

<p>16.1 – Update allotment map to reflect changes on site</p>	<p>I checked the allotment register details back to the site map and a physical inspection of the allotments. I found that there were differences between the 2021/22 register and the 2021 site map (as the latter had not been updated for the sub-division of two allotment plots, to show plots 31Ai (which was identified as missing from the map in the 2017/18 audit) and 29C (which is a recent change following the splitting of large plot 29B into two smaller plots).</p> <p>I recommend that the allotment site map is updated when plots are sub-divided in order to ensure that the map remains current.</p>	<p>M</p>	<p>The map has now been updated to reflect the subdivision.</p> <p>In future the map will be updated at the same time as plot boundaries change.</p>	<p>TH5/OPS1</p> <p>With immediate effect</p>
<p>16.2 – Remind tenants of requirement to maintain fences, ditches and unobstructed paths</p>	<p>I physically inspected the allotment site to confirm that the site map is accurate. I found that the majority of plots appear as per the map, but that the lack of fences between some plots made it more difficult to ascertain where one plot ended and another began. The tenancy agreement requires at para (g) that tenants 'shall maintain in decent order all fences and ditches and paths bordering the Allotment Garden'.</p> <p>I also found gates obstructing the pathways between rows 46 and 47, and 47 and 48. I tried to open the gate between rows 47 and 48 but was unable to do so. The</p>	<p>M</p>	<p>Allotments are inspected regularly in the growing season and the maintenance of boundaries is checked. When taking on a plot any new plot holder refers to the Town Council for advice in case of queries regarding boundaries.</p> <p>This matter is being investigated.</p>	<p>TH5/OPS1</p> <p>Ongoing</p>

	<p>tenancy agreement requires at para (k) that tenants 'shall not obstruct or permit the obstructions of any of the paths on the Allotment set out for the use of the tenants of the Allotment Garden'.</p> <p>I recommend that the Council reminds tenants of their duties under the tenancy agreement regarding the maintenance of fences, ditches, and unobstructed paths.</p>		<p>At the next renewal scheduled October 2022 the letter will include a reminder to tenants of their duties under the tenancy agreement regarding the maintenance of fences, ditches, and unobstructed paths.</p>	
<p>16.3 – Check sheds outside of plots</p>	<p>I noted two sheds marked as '33c' and '34c' which had not been placed within the relevant allotment plot, but which were on land to the east of the relevant allotments. It is not clear why the sheds are not on the allotment plots, or if the tenants have permission to site the sheds outside of their plots.</p> <p>I recommend that the location of the sheds for plots 33c and 34c are checked, with action taken as appropriate.</p>	<p>M</p>	<p>TH5/OPS1</p> <p>The location of the sheds has been inspected and it is noted they have been in situ for many years. The Operations Manager confirms no action is required at this time.</p>	<p>n/a</p>
<p>16.4 – Check if tenant renewing, and</p>	<p>I checked the invoices raised for a sample of allotment plots to confirm that an invoice had been raised promptly for the amount approved by the Council. I found that the amounts were correct for all samples,</p>	<p>M</p>	<p>Agreed</p> <p>TH3/TH5</p>	<p>September 2022</p>

<p>post invoices when raised</p>	<p>and that all invoices had been raised on the 1st October 2021, and that payment had been received in respect of all samples. I found that, although the invoices have been raised promptly, they are currently only posted to Sage (meaning that the related income and debt is shown) when payment is received from the customer. Whilst there is a record of the amount owed (in both the allotment register and the list of invoices raised but not yet posted to Sage), there is a risk that non-payment of an allotment invoice is not promptly identified and chased, as the amount owed to the Council is not formally shown on the Council's aged debt report.</p>	<p>A recommendation was raised in the 2017/18 audit of allotments, but the management response noted that the recommendation was not agreed as all invoices were posted to the ledger by the time the debt was due (meaning that the aged debt report would contain all relevant information).</p>	<p>I noted that invoices were due for the 21/22 year by 31/10/21. At the audit date of 09/11/21, 11 allotment invoices had been created but not posted on Sage.</p> <p>The Finance Manager confirmed that emails have been requested from all tenants (where possible), and that in future an email will go out in September asking tenants to confirm that they intend to keep the plot, with invoices being raised, posted to Sage and emailed</p>
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<p>16.5 – Ensure copies of signed allotment tenancy agreements are retained</p>	<p>to tenants for those who retain their plots. This should ensure that invoices are not raised unnecessarily, but that all invoices raised are posted and recorded on the aged debt report.</p> <p>I recommend that allotment invoice processing is changed as planned.</p> <p>I checked to see that tenancy agreements are held in respect of every tenancy. I found that the Council has an allotments register which records details of plot numbers, sizes, plot holders, amounts charged, and the date of issue and receipt of payments and signed tenancy agreements.</p> <p>I selected a sample of 10 allotments and checked to see that agreements were held. I found that signed agreements were in place for 5/10 allotments (with 2/5 on a scan of signed agreements, and 3/5 in a box awaiting the Clerk's signature before being scanned for the Council records and issued back to the tenant). 1/10 has not yet been returned by the tenant, but is noted on the allotments register as having been chased 22/10/21. 3/10 were noted as having been returned to the tenant without having been scanned, leaving the Council with no signed copy. 1/10 was noted as being at the Town Hall (for processing), but was not in the bundle of signed agreements, and had been logged as returned early enough that it may well have been in the batch returned to the tenant without being scanned.</p>	<p>M</p>	<p>Agreed</p>	<p>TH1/TH5/OPS1</p>	<p>November 2021</p>
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	<p>The allotments register indicates 138/170 agreements have been signed by the tenant and returned to the Town Hall.</p> <p>I recommend that all tenancy agreements are scanned after both parties have signed, in order to ensure that the Council has a record of the agreement of the tenant to the terms and conditions (including fees to be paid) of the tenancy.</p>			
<p>17.1 – Split water supply and negotiate agreement over water charge</p>	<p>I checked to see that Bowls and Tennis Club season lease/facility income is complete. I found that the Bowls Club pays an annual rent of £50 (which has been paid for this year), and that it covers the cost of repairs and of utilities including water. The Council has recharged the water used per the related meter, but the cost is 5 times higher than the normal annual amount, and the split of financial responsibility is being disputed by the Bowls Club. The Operations Manager is due to meet with the Club to review which supplies are fed by the meter, and to split the supplies in order to ensure that usage is clear. The negotiation over the outstanding water recharge will follow that.</p> <p>I recommend that work proceeds as planned to review and split the water supply, and agree a position with the Bowls Club which ensures that the Council can recharge a fair share of water costs.</p>	<p>M</p>	<p>Agreed</p>	<p>TH1/TH3/OPS1</p> <p>June 2022</p>
<p>17.2 – Renew expired Tennis</p>	<p>I found that the Tennis Club pays a percentage of its gross membership fee for the previous year (or an</p>	<p>L</p>	<p>Agreed</p>	<p>TH1</p> <p>31 March 2022</p>

<p>Club agreement</p>	<p>annual amount, whichever is higher), plus a contribution towards electricity (for the floodlights), court maintenance, and a sinking reserve for floodlights or surface improvement works. I found that the 21/22 fee was correctly calculated based on the declared subscriptions to 30/09/20, and that the club is current in its payment of fees and electricity recharges. The maintenance and reserve charges are made at the end of the financial year, but the club has paid the 20/21 balances.</p> <p>The Clerk confirmed that the related licence agreement covering the use of the courts and fees to be paid has expired and is being held over, partly due to Coronavirus. No difficulties are anticipated with the agreement being renewed.</p> <p>I recommend that the Tennis Club agreement is renewed and signed as soon as possible, to ensure that the Council and its licensee have certainty over the licence terms and conditions.</p>				<p>March 2022</p>
<p>17.3 – Draw up and sign Pavilion agreement</p>	<p>The Clerk also confirmed that there is no agreement in place regarding the use of the Pavilion (which is used by both the Bowls and Tennis Clubs, as well as occasionally booked by third parties), and that this has been the case since 1978. However, the Clerk has confirmed that negotiations for the Pavilion agreement begin on 23/11/21.</p> <p>I recommend that the Pavilion agreement is agreed</p>	<p>M</p>	<p>Agreed. Discussions underway with immediate effect. Next meeting Jan 2022</p>	<p>TH1</p>	

<p>17.4 – Check prices on EPOS and banking summary to updated schedule of fees and charges</p>	<p>and signed as soon as possible, to ensure that the Council and the users have certainty over terms and conditions, and make a reasonable contribution to the running and repairing costs of the Council's asset</p>	<p>L</p>	<p>Agreed. This will be reviewed and amended before Beach Gardens re-opens to the public in April 2022.</p>	<p>TIC1</p>	<p>April 2022</p>
<p>I checked to see that till and accounting records were accurate and completed. I found that the income from the sample period (in early August) agreed to the detailed EPOS till reports, was coded correctly in the accounts, and that all cash and card income had been properly banked. I checked the prices charged for recreational activities and found that they all appeared to be correctly stated apart from Putting Family Season Ticket (£90 per the schedule of fees and charges, but noted as £125 on the Beach Gardens banking summary), and the Schools tennis court hire (£5 per the schedule of fees and charges, but noted as £6 on the summary). No sales of either item were made during August 2021.</p> <p>I recommend that the EPOS and banking summary prices are checked backed to the 2022/23 schedule of fees and charges when the Beach Gardens re-opens in April 2022, in order to ensure that the correct prices are charged.</p>					

Budget Report- Income & Expenditure Account
Quarter ending 31st December 2021

Summary

At the end of the 3rd quarter the Council's position is extremely favourable against budget, £406k. The net cost of services was lower than budget predominantly due to higher than anticipated car park and beach hut revenue, and lower than budgeted expenditure and employee costs.

Service	Q3			Annual	
	Net Expenditure	Budgeted Net Expenditure	Variance Year to Date	Budgeted Net Expenditure	Projected Out-turn
Car Parks	(558,902)	(365,406)	(193,496)	(338,150)	(521,491)
Co-op	(16,183)	(16,275)	92	(20,700)	(20,608)
Boat Park	(32,550)	(9,625)	(22,925)	(13,855)	(37,556)
Public Conveniences	97,077	102,328	(5,251)	156,000	158,705
Burl Chine Chalets	0	0	0	(155)	(155)
Cemeteries	(25,712)	(5)	(25,707)	(4,100)	(27,707)
Parks and Operations	423,897	474,330	(50,433)	638,840	596,628
CCTV	831	2,750	(1,919)	3,000	3,081
Beach Gardens	209	17,440	(17,231)	30,170	19,255
Downs/Misc Grounds/PAG	(8,048)	(6,726)	(1,322)	5,025	23,697
Beaches/Foreshore	87,508	45,805	41,703	51,955	84,256
Beach Chalets/Bungalows	(101,834)	(30,493)	(71,341)	(22,680)	(96,147)
Publicity/Tourism	136,754	139,573	(2,819)	193,530	189,658
Allotments	(4,192)	(3,834)	(358)	(5,345)	(5,703)
General Buildings (inc. Caravan park)	(40,078)	(39,375)	(703)	(63,755)	(64,458)
Central services to the public:	260,880	274,300	(13,420)	360,950	349,708
DRM	29,026	33,786	(4,760)	46,115	41,143
Corp Management	10,801	14,780	(3,979)	57,190	55,119
Net Cost of Services	259,484	633,353	(373,869)	1,074,035	747,425
Interest payable and similar charges	4,071	3,750	321	4,250	4,571
Interest and investment income	(123,019)	(122,500)	(519)	(160,000)	(160,519)
Net Operating expenditure	140,536	514,603	(374,067)	918,285	591,477
Other Movements on the General Fund	17,582	0	17,582	(180)	262,890
Amount to be financed:	158,118	514,603	(356,485)	918,105	854,367
Financed by:					
Unallocated Grants/Donations	(2,000)	0	(2,000)	(3,000)	(5,000)
Community Infrastructure Levy	(47,840)	0	(47,840)	0	(47,840)
Precept on Dorset Council	(560,280)	(560,280)	(0)	(747,040)	(747,040)
Total Financing:	(610,120)	(560,280)	(49,840)	(750,040)	(799,880)
(Surplus)/Deficit for the Period	(452,002)	(45,677)	(406,325)	168,065	54,487
General Fund Balance Brought Forward					(818,092)
General Fund Balance Carried Forward					(763,605)

Car Parks

Car parking realised a net surplus of £518k for the period against a budgeted surplus of £361k, a positive variance of £156k.

	Q3			Annual	
	Actual	Budget	Variance	Budgeted Outturn	Projected Outturn Q3
	£	£	£	£	£
Employee Costs	25,977	35,965	(9,988)	46,790	34,075
Expenditure	108,529	113,929	(5,400)	150,010	157,492
Income	(693,408)	(515,300)	(178,108)	(534,950)	(713,058)
Net Expenditure	(558,902)	(365,406)	(193,496)	(338,150)	(521,491)

As shown in the summary above, income has exceeded budget at the end of the 3rd quarter of the year by £178k, with usage numbers, and therefore revenue, well above the average for what would be considered a 'normal' year. This is reflected in the fact that the vast majority of the income variance is attributable to the long stay/visitor car parks with higher numbers of visitors seen in the first half of the year than those seen in recent years. Revenue from the Residents' car park is as per budget. Market income has also exceeded budget and it is forecast to be £10k over budget by the end of the year.

Expenditure overall is £5.4k under budget at the end of the 3rd quarter, with a significant positive variance in maintenance costs being partially offset by slightly higher than budgeted payment processing costs, which is to be expected given the higher income levels.

Projecting forward to year-end, a surplus of £521k is anticipated against a budgeted surplus of £338k a variance of £183k.

Boat Park & Fishermen's Huts

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Employee Costs	5,756	9,640	(3,884)	9,640	5,450
Expenditure	7,498	20,720	(13,222)	25,700	14,079
Income	(45,804)	(39,985)	(5,819)	(49,195)	(57,085)
Net Expenditure	(32,550)	(9,625)	(22,925)	(13,855)	(37,556)

Income for the boat park is £5.8k above budget at the end of the 3rd quarter, due to higher than estimated seasonal and annual ticket sales.

Expenditure is below budget at the end of the quarter, £13.2k in total. £4.3k of this relates to a budget included for the repairs to the old jetty. However, these works were completed in March 2021,

Appendix A: ref 27 refers. Budgeted works for tanking, Appendix A: ref 2 have been cancelled and part of this budget has been utilised for a conditions report on the eastern/middle jetty, ref AD3, with a variance of £8k on the R&M budget year to date. However, the scope of works has yet to be finalised, but this may lead to a sum in excess of the balance of the original budget being required.

Projecting to year-end, a positive variance is forecast against a budgeted surplus of £13.8k, however, this is dependent upon any additional works being required to the jetty, as stated above.

Public Conveniences

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Expenditure	97,209	102,459	(5,250)	158,075	160,780
Income	(132)	(131)	(1)	(2,075)	(2,076)
Net Expenditure	97,077	102,328	(5,251)	156,000	158,705

The Council has now received a rebate of NNDR paid for the current and prior financial year.

A budget of £30k was provided for repairs to Burlington Chine public conveniences, which are programmed financially for Q4. However, interim repairs were required to be carried out during Q2.

The year-end forecast assumes that the budget of £30k, Appendix A ref: 12, for repairs to Burlington Chine will be spent. However, the scope of works has still to be agreed and the project is still under review by the General Operations Committee. If these works are not carried out in year, the £30k set aside for this project will be transferred to the public conveniences earmarked reserve.

Cemeteries

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Expenditure	3,479	26,325	(22,846)	30,840	8,733
Income	(29,191)	(26,330)	(2,861)	(34,940)	(36,440)
Net Expenditure	(25,712)	(5)	(25,707)	(4,100)	(27,707)

Income is marginally over budget year to date.

As shown in Appendix A: ref 24, a budget of £18k had been allocated for repairs to a wall at Northbrook cemetery, however this project will now roll over to 2022/23. As such this now shows a forecast year end surplus of £27k against a £4k budget.

Parks & Operations

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Employee Costs	331,838	353,505	(21,667)	470,770	444,960
Expenditure	173,687	192,296	(18,609)	262,485	259,739
Income	(81,627)	(71,471)	(10,156)	(94,415)	(108,071)
Net Expenditure	423,897	474,330	(50,432)	638,840	596,628

Virement: A virement of £31,500 from employee costs to depot hired services has been made. This is due to the inability to recruit to the post of Grounds & Estates Manager and the subsequent use of external contractors to provide management support.

The income variance of £10k relates mainly to car parking income from the overflow on King George's Field and the hire of Sandpit Field, with several other insignificant variances.

In spite of the virement as noted above, there still remains a positive variance in employee costs of £21k at the end of the period. A budget was approved for two posts, a Grounds Maintenance Supervisor and a Buildings Supervisor. Subsequently these posts were merged to a Grounds and Estates Manager, which has resulted in one budgeted post being removed from the Council's staffing structure. In addition to one of the supervisor posts, one general operative post is currently vacant and is not expected to be recruited until 2022/23.

Expenditure is under budget year to date by £18.6k. This primarily relates partly to the removal of one-off expenditure items, Appendix A ref: 9, 10 & 26, and underspends in Highways works. These underspends have been partially offset by overspends in some areas, with additions in expenditure Appendix A ref: AD1 & 4.

In terms of the year-end forecast a deficit of £596 is now forecast against a budgeted net expenditure of £638K.

Beach Gardens

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Employee Costs	21,463	23,170	(1,707)	23,170	20,930
Expenditure	16,408	25,405	(8,997)	38,600	36,193
Income	(37,662)	(31,135)	(6,527)	(31,600)	(37,868)
Net Expenditure	209	17,440	(17,231)	30,170	19,255

This department has realised a positive variance of £17.2k at the end of the 3rd quarter. Income is £6.5k above budget, with £4.7k and £1.2k attributable to putting and casual tennis respectively.

The staffing budget is £1.7k under budget, partly due to a variance from budgeted pension contributions.

Expenditure is also lower than budget, albeit spread over many budget headings with the only significant variances being for cash collection and repairs and maintenance.

The forecast for year-end, a deficit of £19.2k, includes £15.8k for remedial works to the pavilion and pathways, Appendix A ref:8 and AD5.

The Downs

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Expenditure	1,814	2,733	(919)	17,620	36,695
Income	(9,862)	(9,459)	(403)	(12,595)	(12,998)
Net Expenditure	(8,048)	(6,726)	(1,322)	5,025	23,697

There has been little activity in this area year to date, with small variances over several budget headings being seen.

The variance forecast for year-end relates to repairing works on Peveril Point Road brought forward from 2020/21, Appendix A: ref BF2. This expenditure will be financed from reserves. The year-end outturn also includes £10k for repairing works to the Peveril Point Fortification, Appendix A ref: 11, which may be delayed as this will be subject to a public consultation and potentially external funding.

Beaches & Foreshore

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Employee Costs	49,550	34,450	15,100	38,450	53,950
Expenditure	88,186	61,755	26,431	65,850	92,625
Income	(50,228)	(50,400)	172	(52,345)	(62,318)
Net Expenditure	87,508	45,805	41,703	51,955	84,256

At the end of the 1st half of the financial year a negative variance of £41.7k has been seen in this department.

Employee costs are over budget due to the early recruitment of 3 Seafront Advisor posts, with the hours worked during the season above those that were budgeted. There was also the inclusion of an additional post approved during the course of the year, subject to this post and the additional hours worked being funded from the Welcome Back fund, via Dorset Council, with £10,145 due in Q4 and included in the year end forecast. The additional post was initially approved for a waste operative,

but the inability to appoint to this post resulted in the recruitment of an additional Seafront Advisor in lieu.

Expenditure is £26k over budget at the end of the 3rd quarter. The purchase of RNLI lockers, £1.9k, has been brought forward from 2020/21, and will be financed from an earmarked reserve, Appendix A: ref BF1. There is also a significant item of expenditure, Appendix A ref: AD2, repairs to the slipway at the Stone Quay following storm damage in February 2021, that have been undertaken during Q2 accounting for £33.5k. These overspends have been offset by an underspend in seaweed removal, £8k under budget.

Overall, a revised year-end outturn of a net deficit of £84.2k against a budget of £51.9k is being projected at the end of the quarter.

Beach Huts

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Expenditure	24,462	29,207	(4,745)	38,520	33,649
Income	(126,297)	(59,700)	(66,597)	(61,200)	(129,797)
Net Expenditure	(101,834)	(30,493)	(71,342)	(22,680)	(96,147)

As reported in H1, a cautious budget was set for this department due to assumptions surrounding Covid-19 restrictions having to be made. In addition, it was also expected that huts at the Spa site would not be available for hire during the 2021 summer season. However, the restrictions that were considered and the closure of the Spa site did not transpire as anticipated. As such, beach hut income is £58k over budget at the end of the 2nd quarter. A proportion of this can be attributed to the change in the VAT rate from 20% to 5% for the period to 30th September, then 12.5% from 1st October to 31st March for the hospitality sector.

Expenditure is £4.7k under budget with only minor variances over several budget headings to report. Overall year-end projections have been revised to a surplus of £96k against a budgeted surplus of £22.6k.

Publicity & Tourism

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Employee Costs	121,433	117,145	4,288	151,240	156,000
Expenditure	37,111	44,345	(7,234)	69,340	62,095
Income	(21,790)	(21,917)	127	(27,050)	(28,437)
Net Expenditure	136,754	139,573	(2,819)	193,530	189,658

At the end of the 3rd quarter a positive variance of £2.8k has been realised, with income generally as per budget.

Employee costs are £4.2k over budget. The variance in employee costs due to increased hours worked and an extension of contract by 1 month is expected to be part funded from the Visitor Demand fund, with £1.5k due in Q4 and is included in the year end forecast.

Expenditure is also under budget, insignificant individually but cumulatively totalling £7.2k, with advertising and promotions contributing £2.5k to the variance.

The forecast for year-end is showing a deficit of £189k against a budgeted deficit of £193k.

Allotments

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Expenditure	2,467	2,650	(183)	3,300	3,117
Income	(6,659)	(6,484)	(175)	(8,645)	(8,820)
Net Expenditure	(4,192)	(3,834)	(358)	(5,345)	(5,703)

To date allotments have performed largely as per budget, with very little activity to report. The year-end out-turn has been revised to a net surplus of £5.7k against a budgeted net surplus of £5.3k.

General Buildings/Misc Areas (incl roads)

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Expenditure	11,300	12,000	(700)	12,000	11,300
Income	(51,379)	(51,375)	(4)	(75,755)	(75,759)
Net Expenditure	(40,078)	(39,375)	(703)	(63,755)	(64,458)

Year to date a £0.7k variance has been realised. This is due to the electrical works at the Station being carried over to 2021/22, Appendix A: ref BF3, but will be financed from a reserve.

Central Services

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Employee Costs	170,480	181,328	(10,848)	241,770	233,150
Expenditure	98,806	102,947	(4,141)	135,080	130,889
Income	(8,406)	(9,975)	1,569	(15,900)	(14,331)
Net Expenditure	260,880	274,300	(13,420)	360,950	349,708

The variance in income is due to lower than anticipated room hire for weddings.

Employee costs show a variance of £10.8k, being costs relating to two vacant p/t receptionist posts.

Expenditure at the end of Q3 is under budget by £4k, which is the cumulative effect of both positive and negative variances over many budget headings. The most significant of which are a £6k overspend on repairs and maintenance, due to the increased cost of fire door replacement Appendix A ref: 7 refers, an overspend on personnel/recruitment costs due to the commissioning of a staffing review, and an underspend on equipment purchases and training/employee expenses.

The forecast for year-end is currently a deficit of £349k against a budgeted deficit of £360k.

Corporate Management & Democratic Services

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Expenditure	40,327	48,566	(8,239)	103,305	96,762
Income	(500)	0	(500)	0	(500)
Net Expenditure	39,827	48,566	(8,739)	103,305	96,262

Expenditure is £8k under budget at the end of Q3. £5k relates to a budgeted contribution for bay enforcement, which has now been funded directly from Dorset Council's Visitor Demand grant. Other, smaller variances have been seen in the newsletter, civic expenses and environmental project budgets.

Employee Costs

At the end of the 3rd quarter, employee costs of £726.5k were seen against a budget of £755.2k with a positive variance of £28.7k being realised. The budgets below include a virement of £31.5k which has been made from the staffing budget (Parks & Operations) to the Depot hired services budget.

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Car Parks	23,668	34,015	(10,347)	44,560	31,780
Market	2,308	1,950	358	2,230	2,295
Boat Park	5,756	9,640	(3,884)	9,640	5,450
Parks & Operations	331,838	353,505	(21,667)	470,770	444,960
Beach Gardens	21,463	23,170	(1,707)	23,170	20,930
Beaches - Cleaner	20,470	22,000	(1,530)	25,150	24,700
Beaches - Warden	29,079	12,450	16,629	13,300	29,250
Tourism	121,433	117,145	4,288	151,240	156,000
Central Services	170,480	181,328	(10,848)	241,770	233,150
Total	726,496	755,202	(28,706)	981,830	948,515

The most significant positive variances have been realised in Parks & Operations and Central Services, due to vacant posts as detailed earlier in the report. A proportion of the negative variances seen in the Seafrost Advisor and Visitor Services Assistant posts are expected to be funded from various

grants. The year to date and forecast figures includes provision for a pay increase of 1.75%, which is the current offer from the employers, although this has yet to be agreed.

The forecast for year-end is also based upon several assumptions which may be revised in the next few months. Several vacancies are not anticipated to be recruited to until late in Q4, namely 2 x general operative posts and an enforcement officer post as well as the Grounds and Estates Manager post.

It is currently estimated that the employee costs overall will be £33k under budget at the end of the year. However, the Council is currently undertaking recruitment to several posts and is subject to change based upon the outcome of this process.

Interest & Investment Income

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Net Expenditure	(123,019)	(122,500)	(519)	(160,000)	(160,519)

Total returns on the Council's investments are generally as per budget at the end of the 3rd quarter. Interest on short-term investments continues to remain low, at 0.03%, however, this is starting to show upward movement, given the recent increase in the base rate to 0.5%.

The Council's investment portfolio at 31 December 2021 is detailed below (current value shown):

Investment Portfolio	31.03.21 Balance £	Net Movement £	31.12.21 Balance £
Banks and building societies (unsecured)	512,973	342,758	855,731
Money Market Funds	750,000	0	750,000
UK Govt	450,000	6,046	456,046
Total Internal Investments	1,712,973	348,804	2,061,777
Investments in Pooled Funds:			
Property	3,045,533	376,636	3,422,169
Multi-Asset	965,700	-18,788	946,912
Bonds	503,174	-4,572	498,602
Total External Funds	4,514,407	353,276	4,867,683
TOTAL INVESTMENTS	6,227,380	702,080	6,929,460

The returns on the Council's investments as given by Arlingclose are:

Extract from Arlingclose Benchmarking Results 311221

Internal Investments	£2.1m
Strategic Pooled Funds	£4.9m
TOTAL INVESTMENTS	£6.9m

Security	
Average Credit Score	4.72
Average Credit Rating	A+
Number of Counterparties / Funds	7
Proportion Exposed to Bail-in	78%

Liquidity	
Proportion Available within 7 days	23%
Proportion Available within 100 days	23%
Average Days to Maturity	56

Yield	
Internal Investment Return	0.03%
Strategic Funds - Income Return	3.65%
Total Investments - Income Return	2.57%
Strategic Funds - Capital Gain/Loss	9.04%
Total Investments - Total Return	8.92%

In reviewing the income return, the Council has realised an overall income return of 2.57%, with the Council's internal, short-term investments realising 0.03% and its strategic, long-term investments realising 3.65%, highlighting the low interest rates in the short term.

Short-Term Investments

During the last quarter, activity with regards to short term investments was relatively quiet with the purchase of short dated gilts, £456k.

Strategic Investments

The Council has continued to hold its units in the CCLA Property Fund, Ninety-One (was Investec) Diversified Income Fund and M&G Strategic Corporate Bond Fund.

In terms of income, these funds continue to provide a healthy yield of 3.65% overall and provide an important contribution to the Council's overall income.

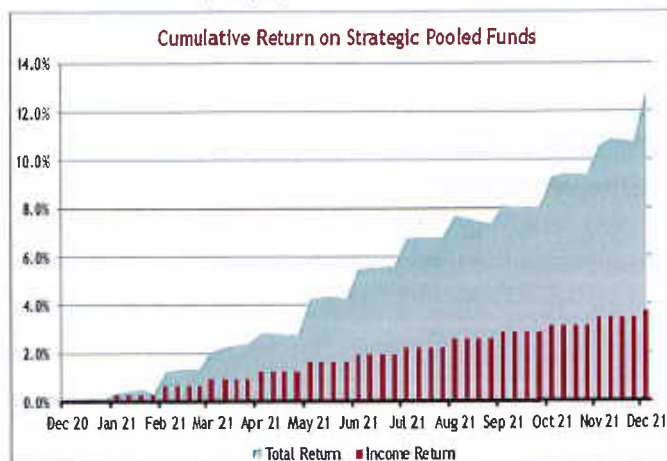
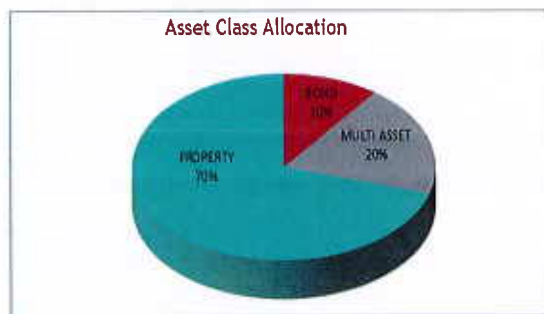
With regards to the funds' value, shown as current value and not book value (£4m), overall the funds have seen an increase in the capital value at quarter end, an uplift of £353k year to date.

The Council's strategic funds still hold a total unrealised capital gain of £867k since purchase. Given economic uncertainty, these valuations will inevitably fluctuate. As these investments are strategic and held for the long-term, fluctuations in capital value occur naturally and these investments should be viewed as a whole rather than individually.

The chart below shows the performance of these investments over the last 12 month period.

STRATEGIC POOLED FUND PORTFOLIO				SWANAGE				From: 31/12/2020		To: 31/12/2021	
FUND NAME	ASSET CLASS	No of Units Held in Period	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility	
CCLA - LAMIT PROPERTY FUND	PROPERTY	1,053,526	3,422,169	440,163	118,378	1.0	14.76%	3.97%	18.73%	4.6%	
M&G STRATEGIC CORPORATE BOND FUND	BOND	4,867,682	498,602	-14,774	12,356	1.0	-2.88%	2.41%	-0.47%	2.6%	
NINETY ONE (INVESTEC) DIVERSIFIED INCOME FUND	MULTI ASSET	955,126	946,912	-22,235	34,931	1.0	-2.29%	3.60%	1.31%	1.6%	
GRAND TOTAL			4,867,682	403,154	165,665	1.0	1.03%	3.71%	12.74%	3.2%	

Unrealised capital gain since purchase: **855,181** Annualised Income return: **3.72%**



The year-end outturn is based upon expending the Council’s reserves on its capital programme as per budget. However, some projects may be deferred, and costs may increase, therefore variances may occur by year-end.

Revenue Account - General Overview

At the end of the 3rd quarter of the Council’s financial year a positive variance of £406k has been realised against a budgeted surplus of £45k.

Income is significantly over budget for car parking and beach huts year to date, contributing £244k to the £374k variance on operating expenditure.

Moving into the last quarter of the financial year, the focus continues to be on expenditure, which may be subject to further variances during the remainder of the financial year. A schedule of significant expenditure is provided in Appendix A, with £184k having been approved for this financial year. Presently £76k of this approved expenditure is not expected to be either spent in the current financial year or deferred to 2022/23. A further £46k has been brought forward as outstanding from 2020/21, with funds placed in a reserve at the end of 2020/21 to finance these works. A further £53.5k has been added to the schedule in year.

Presently, a deficit on the general fund of £54k is forecast for year-end, against a budgeted deficit of £168k, which is a very good position for the Council given the uncertainty over the last few years. It should be noted that this includes an appropriation from the general fund of £200k to the Seafront

Enhancement Scheme Earmarked Reserve, as agreed during budget setting for the 2022/23 financial year.

Appendix A

Significant One-Off Revenue Expenditure 2021/22						
Ref:	Service Area	Project	Budget	Actual	Programmed	Status Update
	New projects for 2021/22					
1	Parade Railings	Repairs	5,000	-	July	Completed-provision made pending invoice
2	Fishermen's Huts	Tanking	7,000	-	October	Project cancelled-2.5k eastern jetty inspection boat park
3	Depot	Equipment (mower box)	7,200	-	Q4	
4	Town Hall	Entry System	6,000	-	2022/23	To be carried forward to 2022/23
5	Parks & Open Spaces	Trees - purchase	5,000	1,796	January	Ongoing
6	Various	Signage, incl CCTV, Water	8,000	2,173	v	Ongoing
7	Town Hall	Door replacement	5,000	13,811	June/July	Works completed
8	Beach Gardens	Pavilion Repairs	8,000	-	Q4	See AD 5
9	Parks & Open Spaces	Cycle Racks	2,500	-	July	To be paid directly by Dorset Council- Welcome Back
10	Recreation Ground	Drainage	5,000	-	-	Works not required
11	Downs	Peveril fortification repairs	10,000	-	Q4	Subject to public consultation
12	Public Conveniences	Burlington Chine drain repairs	30,000	-	Q4	Pending Council decision
13	Days Park	Fence Repairs	5,000	595	Sept/October	Works carried out in-house
14	Miscellaneous Areas (Roads)	SIDS	4,000	3,251	June	Works completed
15	Car Parks	EV Charger	4,000	-	February	
16	Car Parks	Visual Message Signs	2,000	-	July/August	No costs to be incurred
17	Boat Park	Anchor Bolts	2,000	-	March	
18	Downs (EWG)	Noticeboards	4,000	-	2022/23	To be carried forward to 2022/23
19	Environmental	Energy Efficiency Improvements	10,000	-	2022/23	To be carried forward to 2022/23
20	Environmental	Campaigns (incl Beach Buddies)	3,000	130	2022/23	Balance to be carried forward to 2022/23
22	Parks & Open Spaces	Bins	4,000	270	v	Ongoing
23	Public Conveniences	Survey Fees	3,000	-	October	Dorset Property Services instructed, invoice o/s
24	Cemeteries	Northbrook cemetery - Wall repairs	18,000	-	2022/23	To be carried forward to 2022/23
25	St Marks Playing Fields	Repairs	7,500	5,980	October	Programmed works complete
26	Spa/Recreation Ground	Electrical Boxes - Maintenance	15,000	-	-	Works not being carried out
27	Boat Park	Old jetty repairs	4,350	-	April	Carried out in 2020/21
			184,550	28,006		

Capital Programme – Monitoring Report 2021/22

Project Ref:	Project	2021/22 Budget	Forecast Outturn for the year	Actual Expenditure Year to Date	Status
		£	£	£	
Approved Projects-2021/22 Estimates					
1	Play Areas/Skate Park King Georges Play Area	90,000	88,000	0	Ongoing
2	Cemetery Godlingston Extension	200,000	256,148	218,243	Ongoing
3	Station Approach Infrastructure Improvements	10,000	0	0	Ongoing
4	Roads				
a	Panorama Rd/Quarry Close - Upgrade/Improvement	50,000	0	0	Ongoing
b	Cow Lane - Upgrade/Enhancement	15,000	0	0	Ongoing
5	Downs Peveril Point Stabilisation Scheme	75,000	0	0	Ongoing
6	Seafront Coastal Defence Projects (incorporating) Stone Quay - Reconstruction and Bonding	80,000	0	0	Ongoing
7	Depot Mezzanine Decking & Extractor Fan installation	22,000	0	0	Not active
8	Spa Stabilisation & Regeneration	300,000	30,000	0	Ongoing
9	Environmental Sustainable energy	18,000	0	0	Ongoing
10	Beach Gardens Tennis Court Resurfacing	24,000	0	0	Ongoing
11	Parks Days Park- Footpath Lighting Installation	18,000	0	0	Ongoing
12	Festive Lighting Seafront Catenary Wire & Lights Replacement	15,000	16,648	16,648	Completed
	Subtotal	917,000	390,796	234,891	
Projects brought forward from 2020/21					
BF1	Capital Grants Swanage & Purbeck Development Trust - Football Club redevelopment		0	0	Ongoing
BF2	Play Areas Recreation Ground		9,800	9,800	Completed
	Expenditure B fwd Subtotal		9,800	9,800	
Approved Additional Projects					
AD1	Capital Grants Swanage & Purbeck Development Trust - Football Club Floodlights		0	0	Ongoing
	Additional project expenditure Subtotal		0	0	
	Total Capital Expenditure	917,000	400,596	244,691	

Project Updates:

1: Play Areas: King Georges Equipment Replacement

An Invitation to Tender was issued in November 2021, via the ESPO Framework agreement, at a fixed price of £88,000. At the Council meeting held 13th December 2021, minute 118 a), expenditure up to £88,000 was approved for the project. It was further agreed that delegated authority be granted to officers to award the contract for the play equipment, in consultation with the tender assessment panel.

The Tender was awarded to Sutcliffe Play and works are expected to start in February, with completion anticipated in March 2022. Council has also been informed that a grant of £50,000 has been approved from the COMF fund, via Dorset Council for this project. **Ongoing. Financing- Earmarked reserves (ER)/Third Party Contribution.**

2: Cemetery-Extension

In June 2020, TGMS were initially appointed as consultants for this project and the contract was extended in January 2021 to include project management, stage 4.

During March/April 2021, TGMS carried out a tender exercise on behalf of the Council and evaluated all submissions. At the Extraordinary Meeting of the Council held on 5th May 2021, Council considered the recommendations made by TGMS and consequently awarded the contract for the extension of Godlingston Cemetery to Suttle Projects Ltd for a sum of £246,118, Minute 193. The project is now nearing completion with only minor works outstanding. **Ongoing. Financing-Usable Capital Receipts Reserve (UCRR).**

3: Station Approach-Infrastructure

Following protracted discussions with the Co-operative and Dorset Council, and a review by the Capital Projects Sub-Committee, it was agreed that the preferred route to take this project forward was to engage the services of a suitably qualified professional, so that an options appraisal could be developed. Unfortunately, it has not been possible to progress this project and is now deferred to the next financial year. **Ongoing - Deferred to 2022/23. Financing -UCRR.**

4: Roads

a) Panorama Road/Quarry Close – Upgrade/Improvement Scheme

Initial discussions took place with Dorset Council during 2020/21. Core samples have been undertaken on Panorama Road and a report from the project Engineer at Dorset Highways is pending. **Ongoing - Deferred to 2022/23. Financing -UCRR.**

b) Cow Lane-Upgrade/Enhancement

Following the extraction of core samples, a report from the Project Engineer at Dorset Highways is pending. **Ongoing - Deferred to 2022/23. Financing -UCRR.**

The Council has been notified that Cow Lane and part of Panorama Road may be adopted by Dorset Council. A site inspection was undertaken with a Dorset Council project engineer in November 2021 to ascertain the amount of work that would be required to be undertaken to enable adoption. The scope of works and an estimate of costs are pending.

5: Downs-Peveril Point Stabilisation Scheme

This project was included on the list of priority projects to be taken forward by Dorset Property in 2020/21. An initial survey was carried out and Dorset Property requested that trial bore holes be carried out along the road. These are to be completed in the near future. Discussions on how to move the project forward following the initial report are ongoing. **Ongoing - Deferred to 2022/23. Financing -UCRR.**

6: Seafront Coastal Defence Projects: Stone Quay Reconstruction & Bonding

The scope of the project for the Stone Quay needs to be determined as part of a wider coastal defence project. Interim repairs to fill voids in the slipway have been carried out, see Budget Report Q2. Further advice is being sought from the FCERM team regarding works to the Stone Quay and Parish Slipway. **Ongoing - Deferred to 2022/23. Financing -UCRR.**

7: Depot-Mezzanine Decking & Extractor Fan Installation

This project is now on hold and will be carried forward to 2022/23. **Not Active-Deferred to 2022/23. Financing -UCRR.**

8. Spa-Stabilisation and Regeneration

A budget of £300,000 had been provided for works in 2021/22, with £950,000 having been allocated for the next three financial years. However, the cost of the project is now estimated at £1.5m, with project fees only being forecast for current year expenditure. An Invitation to Tender is to be issued in Q4 with regards to providing a feasibility report for stabilisation of the ground and redevelopment of the area. **Ongoing. Financing -ER.**

9: Environmental- Sustainable Energy

An energy audit was undertaken in March 2021 and a report was considered by the Environmental Working Group on 19th May 2021. A single large-scale installation across all sites was suggested, compared to the smaller roll out of the technology which had been allowed for in the capital programme. The Environmental Working Group agreed that a consultant should be appointed in order to progress this project, with an Invitation to Tender being issued in Q4. **Ongoing. Financing -UCRR**

10: Beach Gardens: Tennis Court 3 Resurfacing

Council agreed a budget of £24,000 for this project when approving its capital programme for the 2021/22 financial year in January 2021. The Council committed to financing £6,000 of this project from the Usable Capital Receipts Reserve (UCRR), subject to £18,000 being financed from third parties, including the Tennis Club.

At its meeting held on 26th April 2021, Council considered a briefing note which outlined the scope of works required, including future improvements. Members were asked to confirm the project and the Council's contribution of £6,000, and also to consider funding this from the Community Infrastructure Levy (CIL) reserve. In addition to the approved contribution Members were also asked to approve an additional contribution of £5,000 to finance project management costs.

Minute 180, Council confirmed its commitment to funding £6,000 for the works, and approved the additional contribution for £5,000, with a total of £11,000 to be met from the Council. A specification was drawn up and an Invitation to Tender was issued in January 2021. These works will now be carried forward to 2022/23. **Ongoing-Deferred to 2022/23. Financing STC-tbc/Third Party Contributions.**

11. Parks-Days Park Footpath & Lighting Installation

An initial budget of £18,000 was approved for the installation of footpath lighting at Day's Park, to be financed from the CIL reserve.

At the time of setting the budget for 2021/22, the installation of lighting and pathway extension/upgrade was considered to be a two-phase project, with the costings of phase one included in the 2021/22 estimates. However, both phases, the installation of lighting and the extension/upgrade to the pathway were re-programmed for 2021/22, with both phases to be carried out at the same time.

At the meeting held on 26th April 2021, Minute 171, Council approved the recommendation made by the Capital Projects Sub-Committee on 24th February 2021 and subsequently the General Operations Committee on 31st March 2021 to undertake the upgrade to pathways at Day's Park, with a budget up to £60,000, to be financed from the CIL reserve. Dorset Property Services have been instructed to agree a specification of works to take forward to tender, and it was reported to the Committee on 22nd September 2021 that the works may be delayed to the next financial year, which has now been confirmed. It was further reported to the Capital Projects Sub-Committee on 19th January 2022 that specialist advice would be sought with regards to this project. Officers will collate information produced by the relevant professional advisors and any impact on budget will be reported to future meetings. **Ongoing-Deferred to 2022/23. Financing -CIL Reserve**

12. Festive Lighting-Seafront Catenary Wire & Lights Replacement

A budget of £15,000 was initially approved for this project. Following a recommendation made by the Capital Projects Sub-Committee held on 24th February, Minute 4c), and further to a report submitted by the Operations Manager, it was approved by Council on 15th March 2021 to increase the allocated budget and award the contract for the supply of the lights to the Festive Lights Co. for £7,298 and to award the contract for installation works to WGS Power & Lighting for £9,350. **Completed. Financing -UCRR.**

BF1: Capital Grants – Football Club - Swanage & Purbeck Development Trust

The football club redevelopment at Days Parks is being managed by the Swanage & Purbeck Development Trust. A grant of £20,000 was allocated for the 2020/21 financial year, however this was not drawn down., with a further £220,000 being programmed for the 2022/23 financial year. At its meeting held 16th June 2021, the Sports, Leisure and Wellbeing Working Group considered an application made by the Swanage & Purbeck Development Trust for a contribution towards professional fees for the redevelopment of Day's Park. It was estimate that the fees would be in the region of £260k. At its meeting held 26th July 2021, Council gave further consideration to the application for a grant and it was agreed, Minute 34 (b) that the Council would pledge to make a grant for 50% of the professional fees required to take the project forward to planning (up to a maximum of £130k), subject to match funding being obtained. A grant application is due to be submitted to the Football Foundation by S&PDT and as such any grant that may be issued will not now be in the current financial year. **Ongoing-Deferred to 2022/23. Financing – UCRR/tbc.**

BF2: Play Areas-Recreation Ground (Chadwick Play Area)

Following the installation of the play equipment in December 2020 at the Recreation Ground play area, it was reported that further works would be required to eradicate pooling of water. This was reported to the Capital Projects Sub-Committee at the meeting held 24th February 2021. The Sub-Committee recommended that an additional budget of £10,000 be allocated to install drainage and wetpour surfacing to complete the project. The recommendation was approved by Council at the meeting held 15th March 2021, Minute 162 (a).

This project subsequently rolled over into the 2021/22 financial year. **Completed. Financing -ER**

AD1: Capital Grants – Swanage & Purbeck Development Trust: Football Club Floodlights

Following an application made by the Swanage & Purbeck Development Trust on behalf Swanage & Herston Football Club, Council approved a grant of £66,300 to finance the installation of new lighting columns and floodlights, Minute 34 (a) of the Council meeting held 26th July 2021. The lights are now programmed to be installed in May-July 2022 and as such the grant will not be paid over in the current financial year. **Ongoing-Deferred to 2022/23. Financing STC-CIL.**

Alison Spencer - Finance Manager
Martin Ayres-Town Clerk
Gail Percival – Operations Manager
February 2022

Members' Allowances – Recommendations of the Dorset Parish Independent Remuneration Panel

1. This report has been prepared by the Dorset Parish Independent Remuneration Panel (the **Panel**) comprising three individuals drawn from the community, all of whom have significant previous experience in the work of local authority remuneration panels:

- (i) Mr John Quinton (Chairman);
- (ii) Mr Keith Broughton; and
- (iii) Mr Martin Varley.

2. The Panel is established to make recommendations on the scheme of members' allowances for civil parish councils for which Dorset Council is the establishing authority. The Panel has been appointed under Regulation 27 of The Local Authorities (Members' Allowances) (England) Regulations 2003 (the **Regulations**) to review and recommend allowances for those parish and town councils. Pursuant to Regulation 25(2) any such council that proposes to operate a scheme of allowances must have regard to the recommendations of the Panel.

3. The Panel is required to make recommendations as follows:

- a) the amount of a basic allowance, and whether this should be payable to all members or only to the chairman;
- b) whether, if the basic allowance is payable to both the chairman and all members, the allowance payable to the chairman should be set at a higher level and if so, what that higher amount should be;
- c) the amount of travelling and subsistence allowances payable and the responsibilities or duties for which any such allowance is payable.

4. Regulation 29 requires that the Panel must express any recommendation for a basic allowance for parish and town councils as a monetary sum and as a percentage of the Dorset Council's basic allowance.

5. The Panel conducted a "desk top" review of the allowances for parish and town councils in November 2019. The 2019 review took into account the changing context of local government within Dorset at that time in consequence of the move to a unitary council form of governance. It was considered possible that this reorganisation might result in increased delegation of functions to parish and town councils, and therefore more responsibilities for councillors of those authorities. The Panel was advised at the time of the 2019 review that such delegation was still under consideration. The 2019 review recommended that a further review be undertaken in 12 months' time.

6. The COVID-19 pandemic resulted in pressure on resources. Consequently, a further review of the scheme of members' allowances for civil parish councils has been delayed.

7. As with previous reviews, the 2019 review concluded that the size of a council's electorate is a significant indicator of the complexity of the role of its members. Parish and town councils with similar sized electorates were grouped at a 'Level'. However, the Panel also concluded that it might be possible to accommodate special circumstances pertaining to a council by characterising it at a different Level, following a further review. The 2019 review categorised parish and town councils as follows. The number of authorities at each Level is also indicated.

	Electorate	Characterisation
Level 1	up to 2,499	Small, mainly rural parishes
Level 2	2,500-4,999	Large rural parishes small towns
Level 3	5,000-9,999	Small market towns
Level 4	10,000-19,999	Larger market towns/local centres
Level 5	20,000-35,000	Significant towns
Level 6	35,001 and above	Major population centres

8. The scheme recommended by the Panel in 2019 is set out in Appendix 1 to this report. The 2019 report was based upon a percentage of the basic allowance of £13,000 payable to members of Dorset Council for 2019/20.

2021 Review

9. The Panel recognises the differences in both size and scale of activity of individual parish and town councils. This presents the Panel with some difficulty in recommending a scheme of allowances that will apply to all councils.

10. The Panel therefore sought the assistance of the Dorset Association of Parish and Town Councils (DAPTC) in clarifying a number of issues around the different nature of councils and the additional responsibilities and complexities that apply to some of the town councils. The outcome of a meeting of the Panel held on 9 February 2021 was that DAPTC facilitated a survey of all civil parish councils within Dorset on behalf of the Panel. The survey sought the views of the councils on the structure and content of a scheme of allowances. A copy of the survey together with a summary of the responses is attached at Appendix 2.

11. DAPTC also provided the Panel with benchmarking information from Cornwall Council and Devon County Council as establishing authorities. That information indicated that allowances schemes for parish and town councils in those areas were structured on a similar basis to those current within Dorset.

12. The survey went live on 2 July 2021 and closed on 30 September 2021. The response rate was 35%. 80% of respondees indicated that they did not pay an allowance.

13. The Panel recognises that it may be an historic issue that some authorities do not operate a scheme of allowances.

14. Responses to the survey indicated that one major issue is the diversity of operations of larger town councils. Therefore, interviews were conducted with representatives of those councils that fall within this category, had raised specific issues, and had indicated that they would be willing to give evidence. Interviews were conducted with Dorchester, Lyme Regis, Swanage and Weymouth Town Councils on 9 November 2021.

15. The evidence received suggested that, despite those authorities all being town councils, each of them has individual characteristics. All of them requested that recommendations for a scheme of allowances should include some flexibility to enable individual circumstances that increase complexity to be recognised.

16. The Panel is of the view that the current classification of councils at the Levels specified in the Table in paragraph 7 of this report remains relevant. Subsequent to the 2019 review, the Panel did receive a letter from Langton Matravers Parish Council which questioned the methodology used by the Panel. However apart from this representation the Panel received no further evidence to suggest that the general characterisation of authorities in accordance with the size of their respective electorates is inappropriate.

17. The Panel therefore **recommends** that the basic allowance available to members of parish and town councils be as follows, calculated on a basic allowance for 2021/2022 of £13,357.50 as set out in Dorset Council's Scheme of Members' Allowances:

	Electorate (The number of councils that fall within each grouping is shown in brackets)	Percentage of basic allowance paid to Dorset Councillors £	Basic allowance available per Town/Parish Councillor £
Level 1	0 – 2,500 (128)	2%	267
Level 2	2,501 – 5,000 (9)	3%	400
Level 3	5,001 – 10,000 (13)	4%	534
Level 4	10,001 – 20,000 (3)	5%	668

Level 5	20,001 – 35,000 (0)	8%	1,069
Level 6	35,001 and above (1)	10%	1,336

18. Councils are asked to note that the Dorset Council basic allowance will increase in line with any pay award to staff. The Panel **recommends** that under any scheme adopted the basic allowance available to parish and town councillors may increase in line with an adjustment to the Dorset Council basic allowance.

19. The Panel **recommends** that if a council pays an enhanced basic allowance to its chairman, then such chairman's basic allowance shall not exceed twice that basic allowance payable to other members of that authority.

20. Each parish and town council is legally responsible to determine the basic and chairman's allowances under any scheme adopted by it. The Panel recognises that an authority may take into account factors in addition to electorate size. The Panel are of the view that such factors as budget size, number and complexity of operations and breadth of commercial activity are relevant. The Panel anticipates that no basic allowance would exceed the next Level as set out in the table at paragraph 17.

21. Each council is in the best position to make a judgement, based on individual circumstances, whether it is appropriate to pay:

- (i) all or part of the basic allowance to reflect any incidental costs and time commitment;
- (ii) a basic allowance to all members or just the chairman; or
- (iii) a higher amount to the chairman if all members are entitled to receive an allowance, subject to this not exceeding twice the maximum basic allowance set out above.

22. Where any scheme for the payment of vehicular travel allowances exceeds the allowances specified by HM Revenue and Customs Mileage Allowance Payments (**MAPs**), the excess is a taxable benefit to the claimant. The Panel is of the view that to introduce taxable benefits into the travel allowances scheme would be a disproportionate bureaucratic burden on the council.

23. MAPs are currently:

- i) Car – 45p per mile up to 10,000 and 25p per mile thereafter;
- ii) Passenger payments – up to 5p per mile per passenger (up to a maximum of four) to be claimed only for passengers who would otherwise be eligible for travelling allowance;

iii) Motorcycle – 24p per mile; and

iv) Bicycle – 20p per mile.

24. The Panel **recommends** that:

i) vehicular travel allowances be equal to MAPs;

ii) travel by public transport (including rail and bus) - reimbursement of the standard fare or actual fare paid; and

iii) parking fees – actual amount paid.

25. The Panel **recommends** that any subsistence allowances should be based on reimbursement of receipted expenditure within the maximum limits as set out in the Dorset Council's scheme for officers as set out below.

Minimum journey time	Maximum amount claimable
5 hours*	£5.00*
10 hours*	£10.00*
15 hours*	£15.00*
*Supplement where journey ends after 8pm	£10.00
Overnight (room only)	£90.05 (2019 = £87.64) including VAT £118.18 (2019 = £115.02) including VAT for Greater and Inner London

26. The Panel **recommends** that individual councils agree a list of approved duties for the payment of travel and subsistence allowances, similar to that set out in the Dorset Council's Scheme of Members' Allowances, and this be kept under regular review by the council.

27. The Panel wishes to emphasise that it does not suggest that it is necessary or appropriate for all councils to pay allowances. Each council will determine its own scheme (if any) having had regard to the recommendations made in this report.

28. The Panel **recommends** that where any council adopts a scheme of allowances, the commencement of such scheme should be payable from the commencement of the next municipal year.

John Quinton

11 November 2021

APPENDIX 1 – CURRENT SCHEME OF ALLOWANCES (NOVEMBER 2019)

The Panel maximum basic allowance payable to members of parish and town councils be as follows calculated on a basic allowance for 2019/20 of £13,000 as set out in Dorset Council's Scheme of Members' Allowances:

	Electorate (The number of councils that fall within each grouping is shown in brackets)	Percentage of basic allowance paid to Dorset Councillors £	Maximum basic allowance per Town/Parish Councillor £
Level 1	0 – 2,500 (240)	2%	260
Level 2	2,501 – 5,000 (9)	3%	390
Level 3	5,001 – 10,000 (13)	4%	520
Level 4	10,001 – 20,000 (3)	5%	650
Level 5	20,001 – 35,000 (0)	8%	1,040
Level 6	35,001 and above (1)	10%	1,300

The Panel **recommends** that if a council pays an enhanced basic allowance to its chairman, then such chairman's basic allowance shall not exceed twice that basic allowance payable to other members.

In view of the number and the differences in both size and scale of activity, the Panel **recommends** that, **each parish and town council should determine the basic and chairman's allowances, subject to the maximum set out above.** Each council is in the best position to make a judgement, based on individual circumstances, whether it is appropriate to pay:

- (i) all or part of the basic allowance to reflect any incidental costs and time commitment;
- (ii) a basic allowance to all members or just the chairman; or
- (iii) a higher amount to the chairman if all members are entitled to receive an allowance, subject to this not exceeding twice the maximum basic allowance set out above.

Where any scheme for the payment of vehicular travel allowances exceeds the allowances specified by HM Revenue and Customs Mileage Allowance Payments (**MAPs**), the excess is a taxable benefit to the claimant. The Panel further notes that to introduce taxable benefits into the travel allowances scheme would be a disproportionate bureaucratic burden on the council.

MAPs are currently:

- v) Car – 45p per mile up to 10,000 and 25p per mile thereafter;
- vi) Passenger payments – up to 5p per mile per passenger (up to a maximum of four) to be claimed only for passengers who would otherwise be eligible for travelling allowance;
- vii) Motorcycle – 24p per mile; and
- viii) Bicycle – 20p per mile.

The Panel **recommends** that:

- iv) vehicular travel allowances be equal to MAPs;
- v) travel by public transport (including rail and bus) reimbursement of the standard fare or actual fare paid; and
- vi) parking fees – actual amount paid.

The Panel **recommends** that any subsistence allowances should be based on reimbursement of receipted expenditure within the maximum limits as set out in the Dorset Council's scheme for officers as set out below.

Breakfast (business journeys must start before 7am)	£5.11
Lunch (business journeys must entail working away from home between 12 and 2pm)	£6.99
Dinner (can only be claimed when required to work away from home after 8.30pm)	£12.36

In addition, subsistence for overnight absence, other than London, should be £85.92 (room only and including VAT) or £112.96 if in London.

The Panel **recommends** that individual councils agree a list of approved duties for the payment of travel and subsistence allowances, similar to that set out in the Dorset Council's Scheme of Members' Allowances, and this be kept under regular review by the council.

The Panel wishes to emphasise that it does not suggest that it is appropriate for all councils to pay allowances. The Panel's recommended guideline is a maximum figure within which each council can determine its own scheme, if this is felt justified. The Panel **recommends** that where any council adopts a scheme of allowances, the commencement of such scheme should be back dated to the commencement of the current municipal year.

APPENDIX 2 - SURVEY OF PARISH AND TOWN COUNCILS



REVIEW OF PARISH AND TOWN COUNCIL MEMBERS' ALLOWANCES - July 2021

Consultation on behalf of Dorset Parish Independent Remuneration Panel

Please respond by 30 September 2021 at 5pm

INTRODUCTION

Dorset Council has appointed an **Independent Remuneration Panel ('the Panel')** to review the allowances available to Parish and Town Councillors.

Dorset Council is the responsible authority for establishing the Panel to conduct an independent review of the allowances scheme to be recommended to your Council.

Each Parish or Town Council makes its own decisions concerning adopting an allowances scheme, but it may not do so unless it has had regard to the recommendations of the Panel.

The responses that are provided to this survey will help the Panel arrive at its recommendations to your Council on its allowances scheme. DAPTC has been asked by the Panel to engage with your Council to assist it in making its recommendations.

The Parish Clerk or Responsible Financial Officer (RFO) may invite the members of the authority to complete a separate response to this questionnaire.

* 1. Which statement accurately reflects how this survey response is being submitted?

- By Council having considered the survey questions
- Delegated to the Clerk/RFO to respond on behalf of Council
- By an individual member of Council expressing your own responses

Dorset Association of Parish and Town Councils are the data controller and are responsible for collecting and holding all responses received from town and parish councils to the survey and will make responses available to the Panel. Personal data will only be held for so long as is necessary for the preparation and completion of the Panel's report and will be used only for that purpose and to contact respondents if a request to contact has been made.

*** 2. Council name or Clerk's name completing the survey and contact details**

Council Name

Name of Councillor or
Clerk Submitting
Response

Contact Email Address

Telephone Number

* 3. The Panel may wish to contact you about your response to this questionnaire. Your name and contact information will be made available to the clerk to the Panel only for the purpose of making its recommendations, and only if you agree. Your personal data will not be retained by the clerk to the Panel after it has concluded its deliberations.

Please choose one of the following:

- I agree that my name and contact details may be forwarded to the clerk to the Panel for use in following up this survey.
- Only the name of my Council, and if and on what basis the response is made by the Clerk / RFO are to be provided to the clerk to the Panel, and I do not wish to participate further.

*** 4. Which of the following most accurately describes your council?**

Respond to this question as you see fit based on what you know.

- Town Council
- Larger Parish Council
- Medium Parish Council
- Small Parish Council


**Dorset Association of
Parish and Town Councils**
HELPING LOCAL COUNCILS ACHIEVE EXCELLENCE

REVIEW OF PARISH AND TOWN COUNCIL MEMBERS' ALLOWANCES - July 2021

Let us know your thoughts on the current allowances

If you are unfamiliar with the current members' allowances recommendations to town and parish councils, read the [Dorset Parish Independent Remuneration Report Nov 2019](#)

The next few questions relate to the existing allowances scheme and it is with this in mind we ask you to respond to questions 5-8.

Individual Councillors may voluntarily forego any allowances payable. Can you please indicate which statement applies at your council:

* 5. Which of these statements represents your Council's current scheme of allowances for the payment of a basic allowance?

- | | |
|---|--|
| <input type="checkbox"/> No basic allowance is permitted (if you select this response go to Q10 or Q11) | <input type="checkbox"/> All Councillors are entitled to a basic allowance, but only some take it |
| <input type="checkbox"/> Only the Chair is entitled to a basic allowance | <input type="checkbox"/> All Councillors are entitled to a basic allowance, and all take all or some of it |
| <input type="checkbox"/> The Chair is entitled to a basic allowance, but does not take it | <input type="checkbox"/> I am entitled to a basic allowance, but do not take (for individual Councillor responses only) |
| <input type="checkbox"/> All Councillors are entitled to a basic allowance, but none take it | <input type="checkbox"/> I am entitled to a basic allowance, and I take all or some of it (for individual Councillor responses only) |



REVIEW OF PARISH AND TOWN COUNCIL MEMBERS' ALLOWANCES - July 2021

Let us know your thoughts on the current allowances

6. A scheme of allowances was recommended to your Council by the Panel in 2019 ([the Recommendations](#)). Please indicate which statement below reflects your Council's current scheme of allowances:

- Our Council adopted the Recommendations as the scheme of allowances
- Our Council adopted the Recommendations as the scheme of allowances and used the permitted flexibility to adopt a higher basic allowance (please indicate relevant figure(s) in Question 7)
- Our Council had regard to the Recommendations, but has adopted a different scheme of allowances (please indicate relevant figure(s) in Question 8)
- I am not aware of the Recommendations having been made

7. If you responded to the previous question by selecting 'Our Council adopted the Recommendations as the scheme of allowances and used the permitted flexibility to adopt a higher basic allowance'. Please state the amount in the comment box below:

8. If you responded to the previous question by selecting 'Our Council had regard to the Recommendations, but has adopted a different scheme of allowances'. Please state the amount in the comment box below:



REVIEW OF PARISH AND TOWN COUNCIL MEMBERS' ALLOWANCES - July 2021

Let us know your thoughts on future allowances and what factors may influence them

9. When considering factors that could influence the basic allowance for members of your Council, please rank the following in order of most significant (1 being the most significant, and 5 being the least. You will need to allocate a ranking to each of the statements below):



Size of electorate



Resident population size



Seasonal variation in population size



Council budget and service provision



Special circumstances that apply to your Council (please provide details in the free format box in Question 10)



REVIEW OF PARISH AND TOWN COUNCIL MEMBERS' ALLOWANCES - July 2021

Just one last question if you have any further thoughts you would like to share with the panel:

10. Add any additional thoughts or comments below or alternatively jump to Q11 and if easier upload a statement or file in support of any additional comments:

11. As an alternative to adding text in the free format box for Question 10 - you may upload a file to the survey if this is easier.

Please use either word or a pdf file as a preference.

Choose File

Choose File

No file chosen

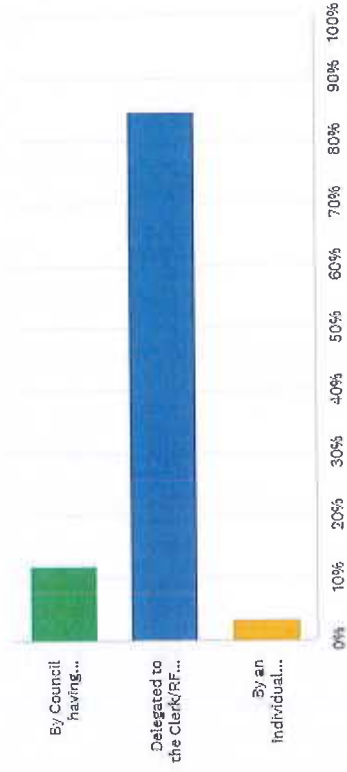
Thank you for taking the time to complete this survey. Please click on submit to ensure your views are considered.

Q1

Customize Save as ▼

Which statement accurately reflects how this survey response is being submitted?

Answered: 59 Skipped: 0



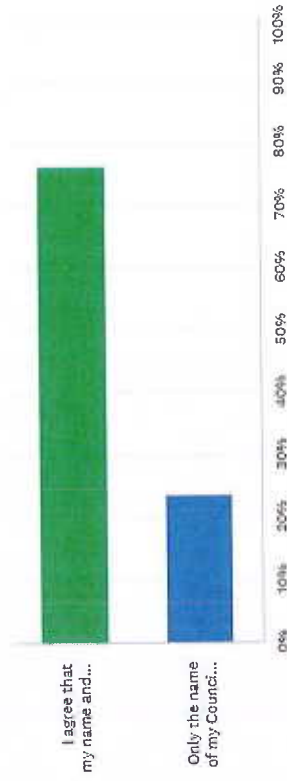
ANSWER CHOICES	RESPONSES
By Council having considered the survey questions	7
Delegated to the Clerk/RFO to respond on behalf of Council	50
By an individual member of Council expressing your own responses	2
Total Respondents: 59	

Q3

Customize Save as

The Panel may wish to contact you about your response to this questionnaire. Your name and contact information will be made available to the clerk to the Panel only for the purpose of making its recommendations, and only if you agree. Your personal data will not be retained by the clerk to the Panel after it has concluded its deliberations. Please choose one of the following:

Answered: 59 Skipped: 0



ANSWER CHOICES

- I agree that my name and contact details may be forwarded to the clerk to the Panel for use in following up this survey. 76.27% 45
- Only the name of my Council, and if and on what basis the response is made by the Clerk / RFO are to be provided to the clerk to the Panel, and I do not wish to participate further. 23.73% 14

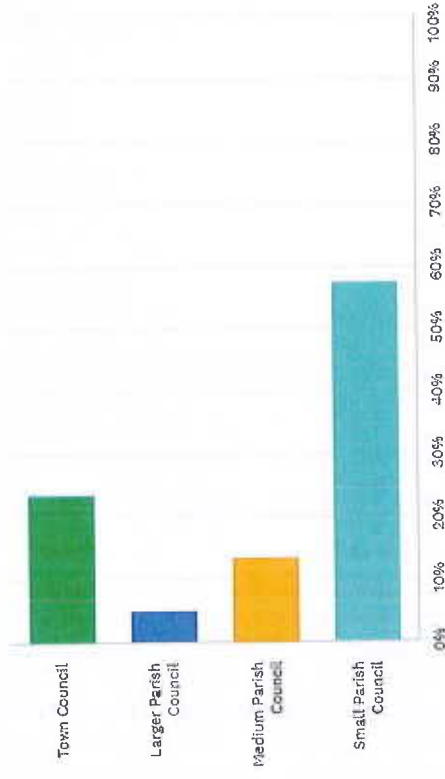
Total Respondents: 59

Q4

Customize Save as

Which of the following most accurately describes your council? Respond to this question as you see fit based on what you know.

Answered: 59 Skipped: 0



ANSWER CHOICES	RESPONSES
Town Council	14
Larger Parish Council	3
Medium Parish Council	8
Small Parish Council	34
Total Respondents: 59	

Q5

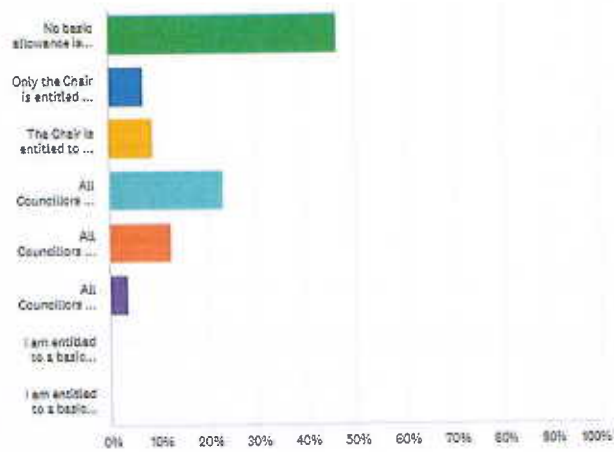


Customize

Save as

Which of these statements represents your Council's current scheme of allowances for the payment of a basic allowance?

Answered: 56 Skipped: 3



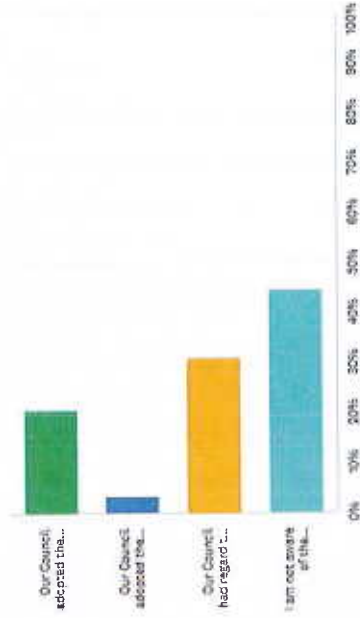
ANSWER CHOICES	RESPONSES
▼ No basic allowance is permitted (if you select this response go to Q10 or Q11)	48.43% 28
▼ Only the Chair is entitled to a basic allowance	7.14% 4
▼ The Chair is entitled to a basic allowance, but does not take it	8.93% 5
▼ All Councillors are entitled to a basic allowance, but none take it	23.21% 13
▼ All Councillors are entitled to a basic allowance, but only some take it	10.50% 7
▼ All Councillors are entitled to a basic allowance, and all take all or some of it	3.57% 2
▼ I am entitled to a basic allowance, but do not take (for individual Councillor responses only)	0.00% 0
▼ I am entitled to a basic allowance, and I take all or some of it (for individual Councillor responses only)	0.00% 0
Total Respondents: 56	

Q6

Customize Save as

A scheme of allowances was recommended to your Council by the Panel in 2019 (the Recommendations). Please indicate which statement below reflects your Council's current scheme of allowances:

Answered: 29 Skipped: 0



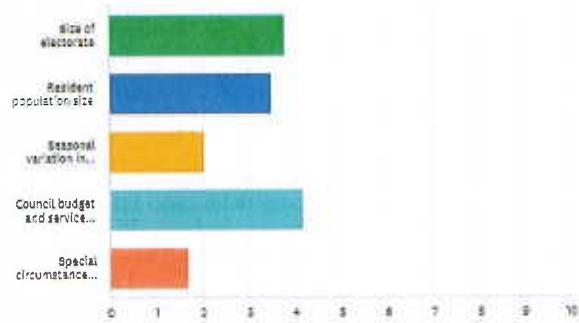
ANSWER CHOICES

- Our Council adopted the Recommendations as the scheme of allowances 34.5%
- Our Council adopted the Recommendations as the scheme of allowances and used the permitted flexibility to adopt a higher basic allowance (please indicate relevant figure(s) in Question 7) 3.45%
- Our Council had regard to the Recommendations, but has adopted a different scheme of allowances (please indicate relevant figure(s) in Question 8) 31.03%
- I am not aware of the Recommendations having been made 44.85%

Total Respondents: 29

When considering factors that could influence the basic allowance for members of your Council, please rank the following in order of most significant (1 being the most significant, and 5 being the least. You will need to allocate a ranking to each of the statements below):

Answered: 28 Skipped: 31



	1	2	3	4	5	TOTAL	SCORE
Size of electorate	33.33% 8	29.63% 3	25.83% 7	9.70% 1	7.41% 2	27	3.75
Resident population size	11.54% 3	38.46% 10	38.46% 10	11.54% 3	0.00% 0	28	3.50
Seasonal variation in population size	0.00% 0	10.71% 3	14.28% 4	42.86% 12	32.14% 9	28	2.04
Council budget and service provision	31.14% 8	17.86% 5	14.29% 4	7.14% 2	15.71% 1	28	4.18
Special circumstances that apply to your Council (please provide details in the free format box in Question 10)	0.00% 0	4.00% 1	12.00% 3	32.00% 8	52.00% 13	28	1.89