

SUPPORTING PAPERS 25/5/22 ITEMS 5), 5 a) + 5 b).

Agenda Item 5 a)

Section 1 – Annual Governance Statement 2021/22

We acknowledge as the members of:

SWANAGE TOWN COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2022, that:

	Agreed		
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
3. We took all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		<i>responded to matters brought to its attention by internal and external audit.</i>
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A
	✓		<i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trustor trusts.</i>

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

25/05/2022

and recorded as minute reference:

MINUTE REFERENCE

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman

SIGNATURE REQUIRED

Clerk

SIGNATURE REQUIRED

ENTER PUBLICLY www.swanage.gov.uk WEBSITE ADDRESS

Section 2 – Accounting Statements 2021/22 for

SWANAGE TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2021 £	31 March 2022 £	
1. Balances brought forward	1,756,070	1,507,920	<i>Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.</i>
2. (+) Precept or Rates and Levies	732,390	747,040	<i>Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.</i>
3. (+) Total other receipts	1,406,306	1,700,154	<i>Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.</i>
4. (-) Staff costs	895,905	918,710	<i>Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.</i>
5. (-) Loan interest/capital repayments	0	0	<i>Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).</i>
6. (-) All other payments	1,490,941	1,872,894	<i>Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).</i>
7. (=) Balances carried forward	1,507,920	1,163,510	<i>Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).</i>
8. Total value of cash and short term investments	1,717,084	1,288,403	<i>The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.</i>
9. Total fixed assets plus long term investments and assets	13,015,884	13,639,265	<i>The value of all the property the authority owns – It is made up of all its fixed assets and long term investments as at 31 March.</i>
10. Total borrowings	0	0	<i>The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).</i>
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	N/A
	✓		
<i>The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets.</i>			
<i>N.B. The figures in the accounting statements above do not include any Trust transactions.</i>			

I certify that for the year ended 31 March 2022 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

SIGNATURE REQUIRED

Date 25/05/2022

I confirm that these Accounting Statements were approved by this authority on this date:

25/05/2022

as recorded in minute reference:

MINUTE REFERENCE

Signed by Chairman of the meeting where the Accounting Statements were approved

SIGNATURE REQUIRED

Annual Governance and Accountability Return 2021/22 Form 3

To be completed by Local Councils, Internal Drainage Boards and other Smaller Authorities*:

- where the higher of gross income or gross expenditure exceeded £25,000 but did not exceed £6.5 million; or
- where the higher of gross income or gross expenditure was £25,000 or less but that:
 - are unable to certify themselves as exempt (fee payable); or
 - have requested a limited assurance review (fee payable)

Guidance notes on completing Form 3 of the Annual Governance and Accountability Return 2021/22

1. Every smaller authority in England that either received gross income or incurred gross expenditure exceeding £25,000 **must** complete Form 3 of the Annual Governance and Accountability Return at the end of each financial year in accordance with *Proper Practices*.
2. **The Annual Governance and Accountability Return is made up of three parts, pages 3 to 6:**
 - The **Annual Internal Audit Report** must be completed by the authority's internal auditor.
 - **Sections 1 and 2** must be completed and approved by the authority.
 - **Section 3** is completed by the external auditor and will be returned to the authority.
3. The authority **must** approve Section 1, Annual Governance Statement, before approving Section 2, Accounting Statements, and both **must** be approved and published on the authority website/webpage **before 1 July 2022**.
4. An authority with either gross income or gross expenditure exceeding £25,000 or an authority with neither income nor expenditure exceeding £25,000, but which is unable to certify itself as exempt, or is requesting a limited assurance review, **must** return to the external auditor by email or post (not both) **no later than 30 June 2022**. Reminder letters will incur a charge of £40 +VAT:
 - the Annual Governance and Accountability Return Sections 1 and 2, together with
 - a bank reconciliation as at 31 March 2022
 - an explanation of any significant year on year variances in the accounting statements
 - notification of the commencement date of the period for the exercise of public rights
 - Annual Internal Audit Report 2021/22

Unless requested, do not send any additional documents to your external auditor. Your external auditor will ask for any additional documents needed.

Once the external auditor has completed the limited assurance review and is able to give an opinion, the Annual Governance and Accountability **Section 1, Section 2 and Section 3 – External Auditor Report and Certificate** will be returned to the authority by email or post.

Publication Requirements

Under the Accounts and Audit Regulations 2015, authorities must publish the following information on the authority website/webpage:

Before 1 July 2022 authorities **must** publish:

- Notice of the period for the exercise of public rights and a declaration that the accounting statements are as yet unaudited;
- **Section 1 - Annual Governance Statement 2021/22**, approved and signed, page 4
- **Section 2 - Accounting Statements 2021/22**, approved and signed, page 5

Not later than 30 September 2022 authorities **must** publish:

- Notice of conclusion of audit
- **Section 3 - External Auditor Report and Certificate**
- **Sections 1 and 2 of AGAR** including any amendments as a result of the limited assurance review.

It is recommended as best practice, to avoid any potential confusion by local electors and interested parties, that you also publish the Annual Internal Audit Report, page 3.

The Annual Governance and Accountability Return constitutes the annual return referred to in the Accounts and Audit Regulations 2015. Throughout, the words 'external auditor' have the same meaning as the words 'local auditor' in the Accounts and Audit Regulations 2015.

**for a complete list of bodies that may be smaller authorities refer to schedule 2 to the Local Audit and Accountability Act 2014.*

Guidance notes on completing Form 3 of the Annual Governance and Accountability Return (AGAR) 2021/22

- The authority **must** comply with *Proper Practices* in completing Sections 1 and 2 of this AGAR. *Proper Practices* are found in the *Practitioners' Guide** which is updated from time to time and contains everything needed to prepare successfully for the financial year-end and the subsequent work by the external auditor.
- Make sure that the AGAR is complete (no highlighted boxes left empty), and is properly signed and dated. If the AGAR contains unapproved or unexplained amendments, it may be returned and additional costs will be incurred.
- The authority **should** receive and note the Annual Internal Audit Report before approving the Annual Governance Statement and the accounts.
- Use the checklist provided below to review the AGAR for completeness before returning it to the external auditor by email or post (not both) no later than 30 June 2022.
- The Annual Governance Statement (Section 1) must be approved on the same day or before the Accounting Statements (Section 2) and evidenced by the agenda or minute references.
- The Responsible Financial Officer (RFO) must certify the accounts (Section 2) before they are presented to the authority for approval. The authority must in this order; consider, approve and sign the accounts.
- The RFO is required to commence the public rights period as soon as practical after the date of the AGAR approval.
- Do not send the external auditor any information not specifically requested. However, **you must inform your external auditor about any change of Clerk, Responsible Financial Officer or Chairman, and provide relevant authority owned generic email addresses and telephone numbers.**
- Make sure that the copy of the bank reconciliation to be sent to your external auditor with the AGAR covers all the bank accounts. If the authority holds any short-term investments, note their value on the bank reconciliation. The external auditor must be able to agree the bank reconciliation to Box 8 on the accounting statements (**Section 2, page 5**). An explanation **must** be provided of any difference between Box 7 and Box 8. More help on bank reconciliation is available in the *Practitioners' Guide**.
- Explain fully significant variances in the accounting statements on **page 5**. Do not just send a copy of the detailed accounting records instead of this explanation. The external auditor wants to know that you understand the reasons for all variances. Include complete numerical and narrative analysis to support the full variance.
- If the external auditor has to review unsolicited information, or receives an incomplete bank reconciliation, or variances are not fully explained, additional costs may be incurred.
- Make sure that the accounting statements add up and that the balance carried forward from the previous year (Box 7 of 2021) equals the balance brought forward in the current year (Box 1 of 2022).
- The Responsible Financial Officer (RFO), on behalf of the authority, **must** set the commencement date for the exercise of public rights of 30 consecutive working days which **must** include the first ten working days of July.
- The authority **must** publish on the authority website/webpage the information required by Regulation 15 (2), Accounts and Audit Regulations 2015, including the period for the exercise of public rights and the name and address of the external auditor **before 1 July 2022**.

Completion checklist – 'No' answers mean you may not have met requirements		Yes	No
All sections	Have all highlighted boxes have been completed?		
	Has all additional information requested, including the dates set for the period for the exercise of public rights , been provided for the external auditor?		
Internal Audit Report	Have all highlighted boxes been completed by the internal auditor and explanations provided?		
Section 1	For any statement to which the response is 'no', has an explanation been published?		
Section 2	Has the authority's approval of the accounting statements been confirmed by the signature of the Chairman of the approval meeting?		
	Has an explanation of significant variations been published where required?		
	Has the bank reconciliation as at 31 March 2022 been reconciled to Box 8?		
	Has an explanation of any difference between Box 7 and Box 8 been provided?		
Sections 1 and 2	Trust funds – have all disclosures been made if the authority as a body corporate is a sole managing trustee? NB: do not send trust accounting statements unless requested.		

* *Governance and Accountability for Smaller Authorities in England – a Practitioners' Guide to Proper Practices*, can be downloaded from www.nalc.gov.uk or from www.ada.org.uk

Annual Internal Audit Report 2021/22

SWANAGE TOWN COUNCIL

www.swanage.gov.uk

During the financial year ended 31 March 2022, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2021/22 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2020/21, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2020/21 AGAR tick "not covered")			✓
L. The authority publishes information on a free to access website/webpage up to date at the time of the internal audit in accordance with any relevant transparency code requirements			✓
M. The authority, during the previous year (2020-21) correctly provided for the period for the exercise of public rights as required by the Accounts and Audit Regulations (evidenced by the notice published on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2020/21 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes	No	Not applicable
	✓		

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken: DDMMYYYY DDMMYYYY DDMMYYYY
 Name of person who carried out the internal audit: Mrs R Darkin-Miller LLB(Hons) BFP FCA
 Signature of person who carried out the internal audit:  Date: 18/05/2022

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).
 **Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

Section 1 – Annual Governance Statement 2021/22

We acknowledge as the members of:

SWANAGE TOWN COUNCIL

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2022, that:

	Agreed		Yes* means that this authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.	✓		prepared its accounting statements in accordance with the Accounts and Audit Regulations.
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.	✓		made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.
3. We look all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.	✓		has only done what it has the legal power to do and has complied with Proper Practices in doing so.
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.	✓		during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.	✓		considered and documented the financial and other risks it faces and dealt with them properly.
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.	✓		arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.
7. We took appropriate action on all matters raised in reports from internal and external audit.	✓		responded to matters brought to its attention by internal and external audit.
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.	✓		disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes ✓	No	N/A has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.

*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.

This Annual Governance Statement was approved at a meeting of the authority on:

25/05/2022

and recorded as minute reference:

MINUTE REFERENCE

Signed by the Chairman and Clerk of the meeting where approval was given:

Chairman

SIGNATURE REQUIRED

Clerk

SIGNATURE REQUIRED

ENTER PUBLICLY AVAILABLE WEBSITE ADDRESS www.swanage.gov.uk WEBSITE ADDRESS

Section 2 – Accounting Statements 2021/22 for

SWANAGE TOWN COUNCIL

	Year ending		Notes and guidance	
	31 March 2021 £	31 March 2022 £		
1. Balances brought forward	1,756,070	1,507,920	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.	
2. (+) Precept or Rates and Levies	732,390	747,040	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.	
3. (+) Total other receipts	1,406,306	1,700,154	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.	
4. (-) Staff costs	895,905	918,710	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.	
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).	
6. (-) All other payments	1,490,941	1,872,894	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).	
7. (=) Balances carried forward	1,507,920	1,163,510	Total balances and reserves at the end of the year. Must equal (1+2+3) - (4+5+6).	
8. Total value of cash and short term investments	1,717,084	1,288,403	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.	
9. Total fixed assets plus long term investments and assets	13,015,884	13,639,265	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.	
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).	
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	N/A	The Council, as a body corporate, acts as sole trustee for and is responsible for managing Trust funds or assets. N.B. The figures in the accounting statements above do not include any Trust transactions.

I certify that for the year ended 31 March 2022 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

Signed by Responsible Financial Officer before being presented to the authority for approval

SIGNATURE REQUIRED

Date

25/05/2022

I confirm that these Accounting Statements were approved by this authority on this date:

25/05/2022

as recorded in minute reference:

MINUTE REFERENCE

Signed by Chairman of the meeting where the Accounting Statements were approved

SIGNATURE REQUIRED

Section 3 – External Auditor’s Report and Certificate 2021/22

In respect of

SWANAGE TOWN COUNCIL

1 Respective responsibilities of the auditor and the authority

Our responsibility as auditors to complete a **limited assurance review** is set out by the National Audit Office (NAO). A limited assurance review is **not a full statutory audit**, it does not constitute an audit carried out in accordance with International Standards on Auditing (UK & Ireland) and hence it **does not** provide the same level of assurance that such an audit would. The UK Government has determined that a lower level of assurance than that provided by a full statutory audit is appropriate for those local public bodies with the lowest levels of spending.

Under a limited assurance review, the auditor is responsible for reviewing Sections 1 and 2 of the Annual Governance and Accountability Return in accordance with NAO Auditor Guidance Note 02 (AGN 02) as issued by the NAO on behalf of the Comptroller and Auditor General. AGN 02 is available from the NAO website – <https://www.nao.org.uk/code-audit-practice/guidance-and-information-for-auditors/>.

This authority is responsible for ensuring that its financial management is adequate and effective and that it has a sound system of internal control. The authority prepares an Annual Governance and Accountability Return in accordance with *Proper Practices* which:

- summarises the accounting records for the year ended 31 March 2022; and
- confirms and provides assurance on those matters that are relevant to our duties and responsibilities as external auditors.

2 External auditor’s limited assurance opinion 2021/22

(Except for the matters reported below)* on the basis of our review of Sections 1 and 2 of the Annual Governance and Accountability Return, in our opinion the information in Sections 1 and 2 of the Annual Governance and Accountability Return is in accordance with Proper Practices and no other matters have come to our attention giving cause for concern that relevant legislation and regulatory requirements have not been met. (*delete as appropriate).

(continue on a separate sheet if required)

Other matters not affecting our opinion which we draw to the attention of the authority:

(continue on a separate sheet if required)

3 External auditor certificate 2021/22

We **certify/do not certify*** that we have completed our review of Sections 1 and 2 of the Annual Governance and Accountability Return, and discharged our responsibilities under the Local Audit and Accountability Act 2014, for the year ended 31 March 2022.

*We do not certify completion because:

External Auditor Name

ENTER NAME OF EXTERNAL AUDITOR

External Auditor Signature

SIGNATURE REQUIRED

Date

DD/MM/YY

SWANAGE TOWN COUNCIL AGAR 2021-22

Dates internal audit undertaken:

05/10/21	12/10/21	15/10/21	05/11/21	09/11/21	10/11/21
09/02/22	15/02/22	16/02/22	17/02/22	18/02/22	08/03/22
09/03/22	15/03/22	13/05/22	17/05/22		

Internal Auditor note on test L:

The requirement to test compliance with the various Transparency Codes is only compulsory for Councils under £25k. The inclusion of Councils over £25k was introduced just before the year-end testing, and is at the discretion of internal auditors. The Council voluntarily asked for compliance to be tested in 2019/20 and noted at that time that all information was on its website, but that it could be more readily accessible. I have not checked the accessibility in 2021/21, so I have assessed the test as 'not covered'.



R Darkin-Miller LLB (Hons) BFP FCA 18/05/22

SWANAGE TOWN COUNCIL



Financial Review Year Ended 31st March 2022

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 - Accounting Policies
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 - Income & Expenditure
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 - Tangible Fixed Assets and Long-Term Investments
 - Long-Term Borrowing
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1. Introduction & Overview

In line with the Accounts and Audit (England) Regulations 2015, the Town Council's statutory statement of account is the Annual Governance & Accountability Return (AGAR), a format developed for the town and parish council sector and other 'smaller relevant bodies' (SRB) with annual income or expenditure of less than £6.5m.

However, given its wide-ranging role as one of the largest town councils in England, the Council has agreed that it should produce a separate review of the financial year, to provide a more detailed commentary on the Council's finances for the benefit of councillors and officers, and to provide transparency for local residents.

2. Financial Review

Revenue Account/Service Provision

A summary of the Council's budgeted and actual income and expenditure, with variances, is given below.

Service	Net Expenditure	Budgeted Net Expenditure	Variance Year to Date
Car Parks	(578,921)	(358,850)	(220,071)
Boat Park	(41,000)	(13,855)	(27,145)
Public Conveniences	126,365	156,000	(29,635)
Cemeteries	(31,243)	(4,100)	(27,143)
Parks and Operations (incl CCTV)	540,753	637,890	(97,137)
Beach Gardens	15,818	30,170	(14,352)
Beaches/Foreshore	90,590	51,955	38,635
Beach Chalets/Bungalows	(96,974)	(22,835)	(74,139)
Publicity/Tourism	188,319	193,530	(5,211)
Allotments	(6,468)	(5,345)	(1,123)
General Buildings (inc. Caravan park)	(78,113)	(58,730)	(19,383)
Central services to the public:	329,066	360,950	(31,884)
Democratic & Corporate Management	72,027	85,555	(13,528)
Grants & Donations	13,744	21,700	(7,956)
Net Cost of Services	543,963	1,074,035	(530,072)
Interest payable and similar charges	4,689	4,250	439
Interest and investment income	(165,750)	(160,000)	(5,750)
Net Operating expenditure	382,902	918,285	(535,383)
Other Movements on the General Fund	351,246	(180)	351,426
Amount to be financed:	734,148	918,105	(183,957)
Financed by:			
Grants/Donations/Contributions	(17,753)	(3,000)	(14,753)
Community Infrastructure Levy	(47,840)	0	(47,840)
Precept on Dorset Council	(747,040)	(747,040)	0
Total Financing:	(812,633)	(750,040)	(62,593)
(Surplus)/Deficit for the Period	(78,485)	168,065	(246,550)

FINANCIAL REVIEW 2021/22

2021/22 was another extraordinary year, with the impact of the pandemic continuing to make itself felt in a variety of ways. In these circumstances, budget monitoring and predicting a likely out-turn figure in-year continued to carry significant uncertainty. Most importantly for a coastal resort such as Swanage, ongoing restrictions on overseas travel led to an increase in visitors to the town, which gave an unforeseen boost to many of the Council's sources of income. This report will assess the impact of these unprecedented circumstances on the Council's financial performance as of 31st March 2022.

During 2021/22 the net expenditure on Town Council services, taking into account all revenue income and expenditure, was £382,902, this being £535,383 less than budgeted. The Council received a total of £747,040 in Precept, together with grants, donations and other contributions of £65,593. It also contributed a net sum of £351,246 to its earmarked reserves to fund specific projects. Overall, this resulted in a surplus on the General Fund for the year of £78,485.

The Town Council has three principal sources of income: the Council Tax Precept, car parking revenue and investment income. During 2021/22 these together generated income of £1.76 million, compared to £1.4 million in 2020/21. This constituted almost three-quarters of the Council's total revenue of £2.39 million.

A total of £747,040 was raised through the parish precept in 2021/22, an increase of 2 per cent from the previous financial year. Individual household bills increased by 2.2 per cent due to a small decrease in the tax base for a fourth consecutive year.

Car parking income significantly exceeded budget, bringing in £220,000 more than anticipated. This constitutes the Council's largest variance by far. During the spring, visitor numbers were comparable with pre-pandemic levels, but between June and October they were 45 per cent higher than in 2019.

The income from the Council's investments marginally exceeded budget, although it was 10 per cent down year-on-year. This is analysed further below in the Treasury Management section of this review.

The impact of the larger number of visitors to the town could be seen across most of the Council's sources of seasonal income, with significant variances against budgets which were set in January 2021 and factored in the risk of further lockdowns. This is most starkly seen in beach hut income which was more than twice the budgeted amount. The variance of £74,139 reflects both a low budget and the highest occupancy levels seen for many years.

A similar pattern can be seen at the boat park and Beach Gardens, with higher than anticipated income far exceeding modest budgets. Expenditure was also less than planned at both locations. At the Tourist Information Centre, income was a little under budget but this was offset by lower than budgeted spending. The only significant negative variance related to the beaches and foreshore budget, largely due to significant, unbudgeted expenditure, £33,500, on emergency repairs carried out to the slipway off the Stone Quay following storm damage.

In relation to community facilities, deferral of planned maintenance work at Burlington Chine public toilets and Northbrook Cemetery wall contributed to significant positive variances in the cemeteries and public conveniences budgets. In respect of the allotments, lower than anticipated expenditure, largely relating to the water bill, contributed to a much smaller positive variance.

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Parks and Operations is the Council's largest budget, and produced the second largest variance of £97,137 (15.2 per cent). Approximately one-third of this relates to lower employee costs, principally in connection with a long-running staff vacancy. Underspends of up to £8,000 across a range of budgets explains most of the remainder, together with higher income resulting from a rent review and increased overflow car parking.

The variance in relation to the General Buildings/Downs and Miscellaneous Grounds budget is largely the result of the deferral of planned works on the Downs to install noticeboards relating to the new Local Nature Reserve and repair the World War Two lookout.

Central Services costs were under budget, by approximately £32,000, largely due to lower staff costs and underspends in areas such as legal and professional fees. Likewise, Democratic Representation and Management costs were under budget by approximately £13,500, resulting from underspends on publicity and civic expenses, and a delay in appointing an environmental consultant. Grants & donations were a further £8,000 underspent. Further information regarding this is set out on page 15 of this report.

Overall, the combination of higher than anticipated income and underspends across a range of budgets resulted in a surplus on the General Fund for the year of £78,485. This compares with an anticipated annual deficit of £168,065 at budget setting. The overall outcome at 31st March 2022 is a General Fund Balance of £896,577, leaving the Council well-placed to withstand further financial uncertainty in the months ahead, as inflation continues to rise and the cost-of-living crisis bites.

Capital Programme and Planning

The Town Council adopts an annual capital works programme as part of its budget setting process in January. These works can be financed from reserves, either those earmarked for a specific project, the Usable Capital Receipts Reserve (UCRR), or the General Fund.

Table 1 below summarises the actual capital expenditure for the 2021/22 financial year and how this was financed.

Table 1: Capital expenditure and source of financing 2021/22

	Funded from Capital Receipts £	Funded from Earmarked Reserves £	Funded from General Fund £	External Funding £	Total Cost £
Land & Buildings					
Godlingston Cemetery Extension - WIP	225,855	-	-	-	225,855
Vehicles, Plant & Equipment					
Trevor Chadwick Play Area	-	9,800	-	-	9,800
King Georges Play Area - WIP	-	3,430	-	50,000	53,430
Shore Road Festive Lights	16,647	-	-	-	16,647
TOTAL	242,502	13,230	-	50,000	305,732

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Land & Buildings

Godlingston Cemetery Extension: Project management costs were initially incurred in 2020/21, with TGMS having been appointed to manage the project. In May, following a tender exercise Suttle Projects Ltd were awarded the contract for the construction of the extension to Godlingston Cemetery. During 2021/22, expenditure of £10,030 was incurred for project management costs, with £215,825 of construction costs. The project has rolled over into the 2022/23 financial year with only minor works outstanding.

Vehicles, Plant and Equipment

Trevor Chadwick Play Area (formerly Recreation Ground): Following the installation of the play equipment in December 2020 at the Recreation Ground play area this project subsequently rolled over into the 2021/22 financial year with further groundworks being required to eradicate pooling of water. Works to install drainage and wetpour surfacing completed the project in May 2021, costing £9,800.

King George's Play Area: A contract was awarded to Sutcliffe Play following a tender exercise, with works starting in February 2022. It was initially expected that works would be completed in March 2022, however, the project has rolled over to the 2022/23 financial year. Project costs to date are £53,430, with £3,430 being met from the play area earmarked reserve and £50,000 from a COMF 116 grant from Dorset Council.

Festive Lights – Shore Road: A contract for the supply and installation of festive lights on Shore Road was awarded in March 2021 to the Festive Lights Co. and WGS Power & Lighting, respectively. Works were completed in May 2022 costing a total of £16,647.

Capital Grants

The Council authorised payment of one capital grant of £66,300 during the year. This was issued to the Swanage & Purbeck Development Trust, on behalf of Swanage & Herston Football Club, in order to fund the installation of floodlights at the football club in Day's Park. This was financed from the Community Infrastructure Levy (CIL) reserve.

Treasury Management

The Council has continued to contract Arlingclose as its treasury advisors and remains classified as a retail client, restricting the advice that can be given and investments that can be made to some extent.

The Council continues to maintain its objective of the security of capital over yield, within the parameters as set out in the Treasury Management Strategy Statement 2021/22 and upon advice given by Arlingclose. The Council has continued to maintain a relatively diverse investment portfolio, given the size of its balances, throughout the course of the 2021/22 financial year, utilising accounts with Lloyds Bank, the UK Government, with both term deposits and Gilts, Money Market Funds and pooled funds.

Short-term investment activity has been minimal during the year, with movements of cash equivalents and the redemption of a term deposit held with the UK Government being the main activity. The impact of Covid-19 was felt by markets throughout the majority of the year, with yields reduced to extremely

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low levels. Interest rates were raised in December 2021 to 0.25%, in February 2022 to 0.5% and again in March to 0.75%, which has resulted in higher returns towards the end of the financial year, averaging 0.22%.

With regards to long-term investments (strategic investments) the Council continued to maintain the units held in the CCLA LAMIT property fund, the Ninety-One Diversified Income Fund and the M&G Strategic Corporate Bond Fund. In accordance with the *Practitioner's Guide*, long-term investments are recorded in the asset register (and included in Box 9 of the AGAR section 2) at the original cost of acquisition this being £2.5m, £1m and £0.5m respectively. In addition to these investments, the Council also held an investment with the UK Government, UK Gilts, which are classed as a long-term investment, with £452,108 being held at year-end. In recognition of the fact that the value of long-term investments will change over time, the market value of the long-term investments held by the Council are noted in the Fixed Asset Register. For the four long term investments held by the Council these are £3,580,092, £919,299, £469,529 and £452,528 at 31st March 2022, a total of £5,421,448, with unrealised gains of £969,340 overall.

In terms of income generation, the pooled funds have continued to perform well, realising an annualised yield of 3.88%, 4.10% and 2.44% respectively 3.78% overall, based upon market value rather than book value.

The net return on the Council's investments had been estimated at £160,000, with an actual outturn of £165,750 being realised at year end.

The Council's Annual Treasury Report 2021/22, which gives a more in-depth review, has been published separately. A summary of investments held at 31st March 2022 can be found on page 13.

Earmarked Reserves

The Council's Earmarked Reserves were established in order to build up funds to meet anticipated future expenditure as identified in the capital programme and risk register. The Council's Reserves and Balances Policy was reviewed during the course of the year, as part of the process for setting the Council's budgets for the 2022/23 financial year.

In 2021/22 a contribution of £378,845 was made from the general fund to various earmarked reserves. Conversely £27,599 of earmarked reserves were utilised to finance revenue expenditure. The majority of this financing was made from the deferred committed expenditure reserve which was established in 2019/20 due to the large number of projects that had not been completed at year end. At the end of 2021/22 this reserve held £94,100, being the budgeted cost of projects that were outstanding at 31st March 2022. If this expenditure is not met in 2022/23 the funds held in the reserve will be appropriated back to the general fund.

The Community Infrastructure Levy (CIL) Reserve also received contributions of £47,840. This reserve holds funds raised by Dorset Council from the CIL in order to meet expenditure in accordance with Community Infrastructure Levy Regulations 2010, Regulation 59C. During 2020/21, £66,300 of this reserve was utilised to finance a capital grant to Swanage & Purbeck Development Trust for the

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installation of floodlights at Swanage & Herston Football Club, as per Regulations. At the end of the 2021/22 financial year, £172,701 was held in the CIL reserve.

During the course of the year, capital expenditure totalling £13,230 (excluding CIL transactions) was financed from earmarked reserves with £9,800 financing the works to The Trevor Chadwick play area and £3,430 to part finance the installation of play equipment at the King George's play area.

With an opening balance of £2,191,043 a net increase in the year of £271,716 has resulted in a balance of £2,462,759 being held at 31st March 2022. An addition to the earmarked reserves was the establishment of an Environmental Projects reserve, holding £5,000 at year-end. The majority of earmarked reserves have been established to fund the Council's future capital programme. The notable exception being the unspent committed expenditure reserve.

The Council's Usable Capital Receipts Reserve (UCRR) saw a reduction of £242,502 in the year with this expenditure financing capital projects. £225,855 was utilised to finance the Godlingston cemetery extension and £16,647 financed the installation of the festive lighting on Shore Road. The Council carries forward a balance of £2,256,284 in its UCRR into the next financial year.

A summary of the Council's reserves can be found on pages 11 to 13.

3. Accounting Statements

The Annual Governance and Accountability Return Form 3

The statutory statement of account is presented as the Annual Governance and Accountability Return (AGAR) Form 3 (formerly known as the Annual Return), which has been published separately. The information contained within this report provides supplementary/supporting information to the AGAR. The AGAR consists of three sections and an Annual Internal Audit report:

Section 1 – Annual Governance Statement

This consists of nine statements where members give assurance that they have discharged their responsibilities in the proper governance of the body.

Section 2 – Accounting Statements

The accounting statements consist of a summary of the income and expenditure for the year, balances and reserves held by the council at year end, cash balances and short term investments, fixed assets and long term assets and total borrowings. This section standardises the presentation of the accounts into a simple and easily understandable format and must be certified by the Responsible Finance Officer.

Sections 1 & 2 must be approved by the Council in accordance with the requirements of the Accounts and Audit Regulation 2015.

Section 3 – External Auditor report and certificate

This report is issued by the Council's external auditor, appointed by the SAAA, and summarises the findings from the audit. It contains an opinion on the accounting statements and represents a limited level of assurance.

Annual internal audit report

This report reviews whether the systems of financial and other controls over the council's activities and operating procedures are effective.

Accounting Policies

Section 2 of the Annual Governance and Accountability Return summarises the Council's transactions for the 2021/22 financial year and its position at 31st March 2022. The statement of account has been prepared following guidance given in *Governance and Accountability for Smaller Authorities in England: A Practitioners' Guide to Proper Practices March 2021 (England)*.

4. Supplementary Information in Support of the Annual Governance and Accountability Return

The Annual Return - Income & Expenditure				
2020/21			2021/22	
£	£		£	£
	1,756,070	<i>Reserves & Balances brought forward - Box 1</i>		1,507,920
		Income		
	732,390	<i>Precept - Box 2</i>		747,040
482,441		Rental, Interest & Investment Income	566,151	
547,306		Charges made for Services	824,827	
366,304		Other Income or Contributions	255,238	
10,255		Capital Receipts/Investments/Capital Grants	53,938	
	1,406,306	<i>Total Other Receipts - Box 3</i>		1,700,154
		Expenditure		
		<i>Salaries and Wages</i>		
(668,851)		Direct Service Costs	(699,062)	
(227,054)		Democratic, Management and Civic Costs	(219,648)	
	(895,905)	<i>Total Staff Costs - Box 4</i>		(918,710)
	0	<i>Loan interest/capital repayments - Box 5</i>		0
		<i>Other Costs</i>		
(927,961)		Direct service costs	(828,068)	
(16,576)		Grant and donations	(13,744)	
(199,809)		Democratic, Management and Civic Costs	(203,004)	
(246,595)		Capital Expenditure	(305,732)	
(100,000)		Capital Grants	(66,300)	
0		Long Term Investments	(456,046)	
	(1,490,941)	<i>Total Other Costs - Box 6</i>		(1,872,894)
	<u>1,507,920</u>	<i>Reserves & Balances carried forward - Box 7</i>		<u>1,163,510</u>

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Bank Reconciliation for year ended 31st March 2022			
	£	£	Note
Bank Accounts			
Current	14,986		
Call Account	519,441		
<i>add</i>			
outstanding receipts	3,501		
<i>add</i>			
petty cash	<u>475</u>		
Total Cash and Bank		538,403	
Short Term Investments			
MMF-PSDF	250,000		
MMF-Abrdn	<u>500,000</u>		
Total Short Term Investments		750,000	6
Total Cash and Short Term Investments – Box 8		<u>1,288,403</u>	

Reconciliation of Reserves to Cash

Where the Accounting Statements (Section 2 of the AGAR) have been prepared on an income and expenditure basis and there have been adjustments for debtors/prepayments and creditors/receipts in advance at the year end, the net difference between them is equal to the difference between Boxes 7 and 8.

Box 7 and Box 8 are reconciled as the balances carried forward, less debtors, plus creditors being equal to the total cash and short term investments held by the Council.

2020/21 £		Note	2021/22 £
1,507,920	Box 7 - Balances carried forward		1,163,510
(166,613)	(-) Debtors	1	(168,330)
375,777	(+) Creditors	2	293,223
1,717,084	(=)Box 8 - Total cash and short term investments		1,288,403

Tangible Fixed Assets and Long Term Investments

Tangible fixed assets and long term assets are treated the same under the annual return. When they are purchased the cost is expensed through total other payments (Box 6) and when they are sold the proceeds of the sale are receipted through total other receipts (Box 3). The value of the sum of these assets is shown in Box 9 on the Annual Return.

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	Operational Assets				Non-Operational Assets		Total
	Land & Buildings	Vehicles, Plant & Equipment	Infra-structure	Community	Assets Under Construction	Investment Properties	
Tangible Fixed Assets- Cost or Valuation	£	£	£	£	£		£
As at 1 April 2021	7,605,312	752,383	17,105	36,594	4,490	600,000	9,015,884
Additions/Enhancements	0	26,447	0	0	279,285	0	305,732
Reclassifications	0	0	0	0	0	0	0
Gifted Assets	0	0	0	2	0	0	2
Disposals	0	(134,461)	0	0	0	0	(134,461)
As at 31 March 2022	7,605,312	644,369	17,105	36,596	283,775	600,000	9,187,157
Long Term Investments- Cost							
As at 1 April 2021							4,000,000
Additions							456,046
Redeemed							(3,938)
As at 31 March 2022							4,452,108
Total Fixed Assets and Long Term Assets – Box 9							13,639,265

Long Term Borrowing

2020/21	£	Analysis of Loans - PWLB	2021/22	£
	0	Balance brought forward		0
	0	Principal paid in year (Box 5)		0
	<u>0</u>	Total Outstanding – Box 10		<u>0</u>

The Council remained debt free throughout the course of the financial year.

Notes

1. Debtors

2020/21	£	Amounts falling due in one year :-	2021/22	£
	38,377	HMRC-VAT		15,865
	98,202	Sundry Debtors		107,732
	(10,000)	Provision for Bad/Doubtful Debtors		(15,000)
	32,893	Payments in Advance		51,319
	7,141	Stock		8,414
	<u>166,613</u>	Total		<u>168,330</u>

In reviewing the level and type of aged debts at the end of the financial year, provision was increased by £5,000 accordingly.

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2. Creditors

2020/21		2021/22
£		£
244,362	Sundry Creditors	113,860
131,415	Receipts in Advance	179,363
<u>375,777</u>		<u>293,223</u>

The value of creditors in 2020/21 included a sizeable provision of £145k for the payment of works carried out on the car parks and as such is significantly higher than that at the end of 2021/22. The increase in monies received in advance of the next financial year mainly relates to prepaid Beach Hut rentals.

Movement of Reserves				
	Balance 1 April 2021	Net movement in year	Balance 31 March 2022	Note
	£	£	£	
General Fund	818,092	78,485	896,577	3
Earmarked Reserves	2,191,043	271,716	2,462,759	4
Usable Capital Receipts Reserve	2,498,786	(242,502)	2,256,284	5
Total	<u>5,507,921</u>	<u>107,699</u>	<u>5,615,620</u>	

This table details changes during the year in the Council's reserves. It provides opening and closing balances and details of any movements on the reserve. The total of the reserves held differs from the AGAR section 2 total in Box 7 due to the treatment of the £4.45m long term investments that the council holds in Gilts and pooled funds. Following the *Practitioner's Guide*, when any Long Term Investments are entered into they are shown to be expensed through Box 6 thus reducing the total in Box 7. However, under statute this investment is not classified as capital expenditure and is merely a movement of cash from a short term investment to a long term investment and as such has not been shown as being expensed from a reserve.

3. The General Fund

2020/21		2021/22
£		£
699,013	General Fund Balance brought forward	818,092
88,191	Net Surplus or (Deficit) for Year	429,731
(23,377)	Financing Capital Expenditure	0
54,265	Transfers (to)/from Earmarked Reserves	(351,246)
<u>818,092</u>	General Fund Balance carried forward	<u>896,577</u>

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The general fund balance is the Council's "working balance" and states the cumulative surplus (or deficit) on the Council's income and expenditure account. The Council has seen an increase of £78,485 on the general fund in the year, comprising of a net surplus of £429,731 for the year, less a net transfer from the general fund to earmarked reserves of £351,246.

4. Earmarked Reserves

These reserves represent amounts that have been set aside in order to build up funds to meet future anticipated liabilities or to fund specific projects. Movements to/from the reserves have been made in line with the Council's Reserves & Balances Policy.

Earmarked Reserves	Balance 31/03/2021 £	Additions to Reserve £	Cap Ex f'd from reserves £	Rev Ex f'd from Reserve £	Balance 31/03/2022 £
Vehicle & Plant Replacement	0	10,000	0	0	10,000
King Georges Play Area & Skate Park	93,017	0	(3,430)	0	89,587
Play Equipment-General Areas	11,206	10,000	(9,800)	0	11,406
Car Park Machines	26,748	7,500	0	0	34,248
Tennis Courts Refurbishment	4,967	4,665	0	0	9,632
Seafront Enhancement Scheme	1,134,557	200,000	0	0	1,334,557
Community Sea Defence Project	450,000	0	0	0	450,000
Public Conveniences	50,000	50,000	0	0	100,000
Beach Huts Reserve	55,000	10,000	0	0	65,000
Football Club Facilities	6,958		0	0	6,958
De Moulham Back Roads	27,815	2,000	0	(8,409)	21,406
Insurance & Contingency Reserve	40,000	0	0	0	40,000
Community Infrastructure Levy	191,161	47,840	(66,300)	0	172,701
IT Equipment Reserves	13,164	5,000	0	0	18,164
Environmental Projects	0	5,000	0	0	5,000
Committed Expenditure Deferred	86,450	26,840	0	(19,190)	94,100
Total	2,191,043	378,845	(79,530)	(27,599)	2,462,759

During the year a contribution of £378,845 was made to earmarked reserves from the General Fund, while £27,599 of revenue expenditure was financed from reserves, a net appropriation of £351,246. A further £79,530 of reserves was utilised to finance capital expenditure. This has resulted in a net increase of £271,716 in Earmarked Reserves.

5. Usable Capital Receipts Reserve (UCRR)

The UCRR holds the proceeds of the sale of fixed assets and can only be used in accordance with regulations. The Council utilised £242,502 during the course of the year to finance capital expenditure. No capital receipts were received, resulting in a balance of £2,256,284 being held at the end of the year.

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2020/21 £		2021/22 £
2,514,051	Balance brought forward	2,498,786
0	Capital receipts	0
	Less:	
(15,265)	Capital receipts used for financing Assets	(242,502)
0	Capital Grants	0
<u>2,498,786</u>	Balance carried forward	<u>2,256,284</u>

6. Treasury

The Council's cash/investments are disclosed in the annual return at historic cost. All investments have been made in line with the Council's Annual Investment Strategy.

Counterparty	Principal	Maturity Date	Rate
Lloyds Bank-Call Account	£519,441	n/a	0.01%
Lloyds Current Account	£14,986	n/a	0.00%
Abrdn Money Market Fund	£500,000	n/a	v
CCLA-Public Sector Deposit Fund	£250,000	n/a	v
Total Short Term Investments–(incl. in Box 8)	£1,284,427		
CCLA-LAMIT Property Fund	£2,500,000	n/a	3.88%
M & G Strategic Corporate Bond Fund	£500,000	n/a	2.44%
Ninety One - Diversified Income Fund	£1,000,000	n/a	4.10%
UK Government - UK Gilt	£452,108	07/09/2022	0.46%
Total Long Term Investments–(incl. in Box 9)	£4,452,108		
Total Investments held @ 31st March 2022	£5,736,535		

The Council held four short term investments at 31st March 2022. It held two investments in Money Market Funds, one with the CCLA Public Sector Deposit Fund (a qualifying MMF) and one with Aberdeen Standard Investments (Abrdn). The investments held with the MMFs have a variable rate of return. A further £519k was held in a Lloyds commercial call account, with £15k held in the Council's current account. All short-term investments return the capital sum invested plus interest.

The Council continued to maintain its units held in the CCLA LAMIT property fund, the M&G Strategic Corporate Bond Fund and the Ninety-One Diversified Income Fund valued at £2.5m, £0.5m and £1m respectively in the Annual Return. The Council invested in UK Gilts during the year, which are classified as a long-term investment in the Practitioner's Guide, with £452k held at year end. The total of long-term investments, £4.452m is included in Box 9 on the Annual Return.

7. Trust Funds – Box 11

The Council acts as Corporate Trustee for three Charitable Trusts. The Income & Expenditure for the year to 31st March 2022 for these trusts is:

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	Income	Expenditure	Net Gain/(Loss)
	£	£	£
De Moulham Trust <i>Established in 1990 as a gift of land and holding of Trust land covenants</i>	52,510	0	52,510
James Day Trust (Day's Park) <i>Gift of pleasure grounds</i>	0	0	0
King George's Field <i>Deed of dedication entered into 5th May 1951</i>	0	0	0

Charitable Funds held by Trusts:

	Balance 1 April 2021	Net Contributions to/(from) Fund	Balance 31 March 2022
	£	£	£
De Moulham Trust	28,033	52,510	80,543
James Day Trust	0	0	0
King George's Field	0	0	0

The status of the James Day Trust is currently under review by the Council, with no activity to report. No funds are held by the James Day Trust, registered as Gift of Public Pleasure Grounds and the Council does not hold any funds relating to the Trust in its bank account. Discussion is underway with regards to Lloyds Bank (Private Banking) retiring as the Trustee of the overarching James Day Will Trust from which income and expenditure has previously been transacted. At 31st March 2022, £44.90 was held in the James Day Will Trust income account administered by Lloyds Bank (Private Banking).

8. Pension

Swanage Town Council participates in the Local Government Pension Scheme (LGPS). The fund is administered by the Dorset County Pension Fund in which Swanage Town Council is pooled as a 'small scheduled body'. This fund provides members with benefits based on pay and service.

Following an Actuarial Valuation by the scheme's fund actuary, Barnett Waddingham, the rate payable for the three financial years 2019/20 to 2021/22 has been set at 22% of pensionable pay. In 2021/22 the Council paid an employer's contribution of £139,519 into the Dorset County Council superannuation fund (a total of £141,148 in 2020/21). In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded to former employees who have retired early, together with the related increases. In 2021/22 these amounted to £2,346 (£2,458 in 2020/21).

9. Grants & Donations

The following grants and donations were issued during the 2021/22 financial year.

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Grants & Donations - Issued		
<i>General Power of Competence, Localism Act, 2011</i>	£	£
<i>Revenue Grants</i>		
2185 Air Training Corps – return of grant issued in 2020/21	(500)	
S.Town & Herston Football Club (Vodafone)	3,950	
DCC – Swanage First School Crossing Patrol	3,746	
Swanage & Purbeck Development Trust-Greengage	368	
Swanage & Purbeck Development Trust-Greengage	500	
Life Education Wessex	430	
Purbeck Art Weeks	500	
Swanage Community Defibrillator Partnership	250	
Parkrun	500	
Durlston Community Bus	3,000	
Purbeck Citizens Advice Bureau	1,000	13,744
<i>Capital Grants</i>		
Swanage & Purbeck Development Trust - S&HFC Floodlights		66,300
Total		80,044

The following grants were received during the 2021/22 financial year.

Grants Received		
<i>Revenue grants</i>	£	£
Dorset Council - Re-opening High Streets - Town Film	2,000	
Dorset Council - Welcome Back Fund - Street Cleansing	1,091	
Dorset Council - Welcome Back Fund - Seafront Advisors	10,147	
Dorset Council - Welcome Back Fund - Visitor Services	1,515	14,753
<i>Capital Grants</i>		
Dorset Council - COMF 116 Fund - King Georges Play Area		50,000
Total		64,753

10. Audit Fees

Smaller Authorities' Audit Appointments Ltd (SAAA) was appointed in January 2016 as the “person specified to appoint local auditors” under powers set out in Regulation 3 of the Local Audit (Smaller Authorities) Regulations 2015 to perform the functions set out in legislation for smaller authorities.

FINANCIAL REVIEW 2021/22

Following a tender process, PKF Littlejohn LLP were appointed by SAAA as the external auditor for the Council for a period of 5 years from 2017/18.

2020/21		2021/22
£		£
2,400	Fees payable to the external auditor appointed by the SAAA	2,400
0	Adjustment on previous years audit fees	0
<u>2,400</u>		<u>2,400</u>

11. Items for Consideration

Any events after the year end, 31st March 2022, have been considered up to the date of the Annual Return, 25th May 2022. There are no items to report which may have an effect upon the Annual Return.