

**Budget Report- Income & Expenditure Account**  
**Quarter ending 31<sup>st</sup> December 2018**

**Summary**

At the end of the 3<sup>rd</sup> quarter the Council's position continues to be favourable against budget, with a variance of £412k being realised on its revenue account. Service costs were lower than budget, by £306k, with employee costs contributing £96k to this variance. Higher than anticipated income from fluctuating income sources, such as car parks and cemeteries, and under spends on expenditure, Appendix A, have all contributed to this variance.

Service	Q3			Annual	
	Net Expenditure	Budgeted Net Expenditure	Variance Year to Date	Budgeted Net Expenditure	Projected Out-turn
Car Parks	(412,082)	(347,863)	(64,219)	(335,310)	(389,239)
Co-op	(15,080)	(14,115)	(965)	(19,340)	(20,305)
Boat Park	(11,604)	(2,288)	(9,316)	(9,665)	(16,217)
Public Conveniences	106,189	115,260	(9,071)	143,740	139,303
Burl Chine Chalets	42	0	42	(150)	(108)
Cemeteries	(26,408)	(17,480)	(8,928)	(15,810)	(17,847)
Parks and Operations	282,378	384,023	(101,645)	503,860	424,479
CCTV	0	500	(500)	1,000	1,000
Beach Gardens	3,633	5,956	(2,323)	12,695	13,306
Downs/Misc Grounds/PAG	(4,928)	16,411	(21,339)	14,685	(8,194)
Beaches/Foreshore	12,169	34,389	(22,220)	49,455	21,710
Beach Chalets/Bungalows	(96,128)	(92,520)	(3,608)	(86,185)	(85,917)
Publicity/Tourism	133,376	132,364	1,012	173,220	175,020
Allotments	(4,455)	(4,095)	(360)	(5,435)	(5,795)
General Buildings (inc. Caravan park)	(48,673)	(47,512)	(1,161)	(54,550)	(56,086)
Central services to the public:	194,327	269,075	(74,748)	351,980	279,509
DRM	61,880	51,763	10,117	66,300	76,545
Corp Management	10,555	7,737	2,818	15,450	28,288
<b>Net Cost of Services</b>	185,191	491,605	(306,414)	805,940	559,452
Interest payable and similar charges	4,451	5,500	(1,049)	6,100	5,051
Interest and investment income	(149,268)	(114,890)	(34,378)	(150,000)	(192,500)
<b>Net Operating expenditure</b>	40,374	382,215	(341,841)	662,040	372,003
Other Movements on the General Fund	423,411	85,000	338,411	242,000	775,665
<b>Amount to be financed:</b>	463,785	467,215	(3,430)	904,040	1,147,668
<b>Financed by:</b>					
Council Tax Support Grant	0	0	0	0	0
Grants & Donations	(409,495)	0	(409,495)	0	(409,495)
Precept on Purbeck District Council	(538,523)	(538,522)	(0)	(718,030)	(718,030)
<b>(Surplus)/Deficit for the Period</b>	<b>(484,233)</b>	<b>(71,307)</b>	<b>(412,926)</b>	<b>186,010</b>	<b>20,143</b>
General Fund Balance Brought Forward					(946,278)
General Fund Balance Carried Forward					(926,135)

## Car Parks

At the end of the 3<sup>rd</sup> quarter, the net surplus was £412k against a budgeted surplus of £348k, resulting in a positive variance year to date of £64k.

	Q3			Annual	
	Actual	Budget	Variance	Budgeted Outturn	Projected Outturn Q3
	£	£	£	£	£
Employee	28,980	39,450	(10,470)	48,060	38,000
Expenditure	102,203	121,023	(18,819)	146,810	137,617
Income	(543,266)	(508,335)	(34,931)	(530,180)	(564,856)
<b>Net</b>	<b>(412,082)</b>	<b>(347,863)</b>	<b>(64,219)</b>	<b>(335,310)</b>	<b>(389,239)</b>

Revenue from all of the Council's car parks has been largely as per budget through the 3<sup>rd</sup> quarter. As such the revenue year to date remains significantly above budget in the long stay car parks following a good summer season, with the short stay car parks being marginally over budget.

This has been the first winter season with the £1 all day charge being applied in both long stay car parks. This has proven relatively successful with income as estimated. This will be monitored in the last quarter.

With regards to expenditure, the programmed repairs to Peveril Point Road, £10k, have been deferred to 2019/20 due to works being undertaken by SGN. The cost of repair works to North Beach car park surface have also come in under budget at £7.8k against a £16k budget. As stated in Q2, reduced cash collection charges have been offset by an increase in card processing fees. A variance has also been realised in the repairs and maintenance costs of the machines, with the maintenance agreement not becoming effective until the end of January.

As reported in Q2, employee costs are under budget due to the statutory leave and subsequent resignation of a permanent employee.

Projecting forward to year-end, a surplus of £389k is now anticipated against a budget of £335k.

## Boat Park & Fishermen's Huts

	Q3			Annual	
	Actual	Budget	Variance	Budgeted Outturn	Projected Outturn Q3
	£	£	£	£	£
Employee Costs	6,281	7,850	(1,569)	7,000	6,100
Expenditure	10,025	22,290	(12,265)	25,530	12,765
Income	(27,909)	(32,427)	4,518	(42,195)	(35,083)
<b>Net Expenditure</b>	<b>(11,604)</b>	<b>(2,288)</b>	<b>(9,316)</b>	<b>(9,665)</b>	<b>(16,217)</b>

For the boat park, income year to date is marginally below budget, with a negative variance realised from permits and a positive variance realised from launch fees. Despite the boat park being fully

operational for the first time since 2014, there continues to be disruption here due to works being carried out on the fishermen's slipway. The financial impact of these works on seasonal permits is not quantifiable but a lower than originally anticipated income is likely given the continued uncertainty surrounding this area.

As stated in Q2, a budget of £12k was provided for a barrier entry system and non-return system to be installed prior to the opening of the boat park this year. However, this project will not now take place, with options to be discussed. As such there is a large variance overall in the expenditure budget for the boat park.

Income from the Fishermen's Huts is below budget with Council having approved a rent free period for the second half of the year due to the disruption caused by the slipway works.

The year-end outturn has now been revised to a surplus of £16.2k against a budgeted surplus of £9.6k.

### **Public Conveniences**

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Expenditure	106,320	115,391	(9,071)	146,165	141,728
Income	(131)	(131)	(0)	(2,425)	(2,425)
<b>Net Expenditure</b>	106,189	115,260	(9,071)	143,740	139,303

Expenditure in total is £9k below budget year to date. This is a combination of underspends year to date on repairs and maintenance, with the deferment of the toilet pod consolidation at North Beach and overspends on water and contract cleaning services, due to additional toilet facilities being provided. Income is now negligible following the policy decision not to charge for the use of public conveniences.

A small variance is expected at year-end with the addition to the cleaning contract for new toilets and with increased utility costs offsetting underspends. A deficit of £139k being projected against a budget of £143k original estimate is now projected.

### **Cemeteries**

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Expenditure	5,623	8,205	(2,582)	18,290	18,593
Income	(32,032)	(25,685)	(6,347)	(34,100)	(36,440)
<b>Net Expenditure</b>	(26,408)	(17,480)	(8,928)	(15,810)	(17,847)

The net surplus at the end of the 3<sup>rd</sup> quarter is £8.9k above budget for the cemeteries. This is due to a combination of income being above budget year to date, with this being a variable income stream,

and expenditure being under budget, with a variance showing for repairs & maintenance. This is largely due to the non-installation of the carpeting of the children's area, which is currently in abeyance.

The year-end outturn has been revised to a surplus of £17.8k against a £15.8k budget, with the provision of the memorial inspection, £8k of expenditure (as per the one-off expenditure report, Appendix A) being incurred in Q4.

### **Parks & Operations**

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Employee Costs	278,666	329,353	(50,686)	443,420	383,050
Expenditure	93,623	124,416	(30,793)	153,370	154,524
Income	(89,912)	(69,746)	(20,165)	(92,930)	(113,095)
<b>Net Expenditure</b>	282,378	384,023	(101,645)	503,860	424,479

In terms of income received this department is generally as per budget with a couple of exceptions. As reported in Q2, £13,916 has been received from the trade-in of 2 Nissan Cabstars with this revenue being offset through other movements on the General Fund and as such has a nil effect. A contribution of £3,679 has also been received from the Lights Committee. This will form part of any appropriation to the Lights Reserve at year end, which is determined once year end out-turn has been finalised.

For monitoring purposes, all operations department employee costs are now being shown in this I & E, as due to the variable nature of the work this has often lead to large variances in departments such as cemeteries and allotments etc. Employee costs will remain coded departmentally, but monitored as a whole.

There is a significant variance in employee costs, £50.6k at the end of the period. As previously reported, the main causes of this significant variance are a vacant period between a supervisor leaving and a replacement being employed, 1 ½ months, the retirement/resignation of several general operatives during the year, a vacancy of a stores person and building supervisor's post, and a budget provision for a duplication of roles for a period of three months. The duplication of roles to allow for a handover is taking place in Q4 and the general operative posts have been filled with effect from 1<sup>st</sup> February 2019. All other budgeted posts in this department, with the exception of a building supervisor, have been appointed.

With regards to expenditure, there has been an under spend of £30.7k year to date. This is over many budget headings, with only a few significant variances to report. The largest of these relates to the purchase of festive lighting, as per Appendix A, with an under spend of £14.1k year to date. As stated above, any surplus on this cost centre will be appropriated to a reserve at year end. The purchase of a mower has been deferred to 2019/20, with a £9k variance. With the purchase of a new depot, there has been an over spend with re-stocking of equipment in equipment purchases (approved by Council

as part of the depot relocation costs). However, this has generally been offset by under spends over several budget headings.

At the Personnel Committee held 30<sup>th</sup> August 2018, up to £5k expenditure for a “grow your own” driver training programme was approved, with a virement request to be submitted to the Finance Committee. A review of staff training has also taken place, with other training requirements having been identified, a total virement of £10k is requested. This will be met from employee cost under spends. As stated in Q2, overspends on certain budget lines, such as business rates and water will be incurred by the Council as they will be effectively running two sites for the near future. **To approve a virement from employee costs to training costs of £10k.**

### **Beach Gardens**

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Employee Costs	17,793	18,500	(707)	18,500	17,800
Expenditure	23,716	26,201	(2,485)	33,285	33,727
Income	(37,876)	(38,745)	869	(39,090)	(38,221)
<b>Net Expenditure</b>	3,633	5,956	(2,323)	12,695	13,306

This department is mainly functional during the first half of the year, with some operational costs being incurred in winter. Employee costs shown are now those of kiosk attendants only, with operational employee costs being shown in the operations department.

At the end of the 3<sup>rd</sup> quarter the net expenditure is £2.3k under budget. There are marginal variances in general expenditure, with a positive variance in equipment purchases being the only significant variance. However, additional costs for tree surgery are likely to be incurred in Q4 following a tree survey, which will slightly offset this variance. Overall income is below budget with putting and tennis being the negative contributors and bowls and hire of the pavilion slightly offsetting this with a positive variance.

### **The Downs**

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Expenditure	2,385	24,355	(21,970)	25,260	3,556
Income	(7,314)	(7,944)	631	(10,575)	(11,750)
<b>Net Expenditure</b>	(4,928)	16,411	(21,339)	14,685	(8,194)

There has been little activity in this area with small positive variances over several budget headings being seen. A budget of £20k was set for repairs to walls and tree works. Tree works have started and are ongoing, with only £800 being incurred in Q3, but further works are expected in Q4. Following

a review, the wall repairs have been deferred to 2019/20, with a resulting under spend in the current year of £20k.

### **Beaches & Foreshore**

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Employee Costs	19,446	31,194	(11,748)	39,385	21,940
Expenditure	40,711	51,700	(10,989)	60,305	49,439
Income	(47,988)	(48,505)	517	(50,235)	(49,670)
<b>Net Expenditure</b>	12,169	34,389	(22,220)	49,455	21,710

As with other departments where there is a combination of operational and cost centre employee costs, the operational costs (variables) have been assigned to the operations department. The employee costs shown now consists of beach cleaners and seafront attendants only. The employee costs are significantly below budget, mainly due to the delay in filling seasonal posts, both seafront attendants and cleaners and the reduced hours of a permanent beach cleaner position.

As reported in Q2, and with regards to expenditure, the largest significant variance has been seen in the seaweed removal budget, a volatile expenditure line, which accounts for the vast majority of the under spend realised. At the end of the 2<sup>nd</sup> quarter this has seen a positive variance of £13.2k. The replacement of signage is still scheduled for Q4.

Income is generally as per budget, with only small insignificant variances.

Overall a revised year-end outturn of a net deficit of £21.7k against a budget of £49.4k is being projected at the end of the quarter.

### **Beach Huts**

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Expenditure	24,518	22,230	2,288	31,815	36,537
Income	(120,646)	(114,750)	(5,896)	(118,000)	(122,454)
<b>Net Expenditure</b>	(96,128)	(92,520)	(3,608)	(86,185)	(85,917)

Income relating to the period is above budget at £120.6k against a budget of £114.7k, with the majority of activity being incurred in Q1 and Q2. Parasol hire has contributed £424 to the overall positive variance.

The majority of expenditure lines are showing a slight underspend. However this has been offset by expenditure on cleaning, £2.5k, with contract cleaning services having been introduced. Overall year-

end projections have been revised to a surplus of £81.9k against a budget of £86.1k, although this may be lower dependent upon any repairs that may be required to the huts in the second half of the year.

### **Publicity & Tourism**

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Employee Costs	103,055	103,744	(689)	133,185	134,000
Expenditure	51,661	49,540	2,121	66,105	67,481
Income	(21,340)	(20,920)	(420)	(26,070)	(26,461)
<b>Net Expenditure</b>	133,376	132,364	1,012	173,220	175,020

Overall this department is showing a negative variance of £1k (following budget increases through virements of £5k for employee costs and £4k for repairs and maintenance) at the end of the 3rd quarter.

Overall, income is as per budget, with negative variances on commission and advertising boards being offset by increased stock sales.

The majority of variances for expenditure are small and insignificant, with the exception of the IT budget at £3k, credit card commission, £1.2k, and stock purchases, £1.6k. The overspend on the IT budget has been approved, with further works having been required for Avalon, the beach hut booking system as reported in Q2. The additional stock purchases have also been approved. Commission on card payments is a variable budget, based upon payments made by card either at the TIC or via PayPal.

Following a virement of £5k from the Beaches and Foreshore budget, employee costs are as per revised budget. Presently the year end out-turn is projected as £175k deficit against a budgeted deficit of £173.2k.

### **Allotments**

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Expenditure	1,543	1,820	(277)	2,520	2,243
Income	(5,998)	(5,915)	(83)	(7,955)	(8,038)
<b>Net Expenditure</b>	(4,455)	(4,095)	(360)	(5,435)	(5,795)

To date allotments have performed largely as per budget overall. However, the charges for water are higher than budget, with repairs and maintenance below budget. Otherwise there is little activity to report. It should be noted, however, that there was a delay in issuing invoices and agreements due to a revision required following a fire at the allotment in the summer. This may result in a late surrender of plots, which may result in lower income than forecast.

## General Buildings/Areas

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Expenditure	0	1,125	(1,125)	17,500	16,000
Income	(48,673)	(48,637)	(36)	(72,050)	(72,086)
<b>Net Expenditure</b>	<b>(48,673)</b>	<b>(47,512)</b>	<b>(1,161)</b>	<b>(54,550)</b>	<b>(56,086)</b>

Year to date there is very little activity to report, with only small variances over both income and expenditure. The year-end projected outturn is again dependent upon the expenditure being carried out within the financial year as per Appendix A, the one-off expenditure monitoring form.

## Central Services

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Employee Costs	147,748	168,503	(20,755)	221,950	203,450
Expenditure	80,347	108,923	(28,576)	145,730	117,177
Income	(33,768)	(8,350)	(25,418)	(15,700)	(41,118)
<b>Net Expenditure</b>	<b>194,327</b>	<b>269,075</b>	<b>(74,748)</b>	<b>351,980</b>	<b>279,509</b>

The Central Services cost centre is underspent at the end of the 3<sup>rd</sup> quarter budget by £74.7k. £20.7k of this underspend has been realised in employee costs, with an administrative post being vacant year to date and is not anticipated to be filled until the next financial year.

With regards to general expenditure at the end of the 3<sup>rd</sup> quarter there is an overall under spend of £28.5k. However, underlying this are variances over many budget lines. The largest of these variances is the repairs and maintenance budget, with a positive variance of £18k to date. This is due to the programmed repairs to the annexe building not having taken place. This is now scheduled for 2019/20. However, additional expenditure may be incurred for changes to the reception area following a request from the Police, which was given approval in principle on 28<sup>th</sup> January 2019. In addition, a variance of £9k has been seen with the deferment of the telephone consolidation.

Other significant expenditure variances are the legal & professional fees (positive £8.8k), health & safety (positive £3.9k) and insurance (positive £3.9k). A negative variance of £7.9k has been realised in equipment purchases due to the purchase of curtains for the Chambers (£4.9k), which was carried over from 2017/18 and the purchase of a television and laptop at £1.7k. Advertising is also over budget by £2.3k, with advertisements for job vacancies accounting for the majority of this over spend. Both the Legal and Professional Fees and Health and Safety budgets are liable to some variations during the course of the year due to the use of the services on demand. The additional costs are offset in this department by underspends and as such a virement is not essential.

With regards to general income, there is a small variance, but nothing to report. However, a CIL receipt of 25.7k has been received to date. This will be appropriated to an earmarked reserve. Looking at the annual out-turn, it can be seen that the probable out-turn of £279.5k is being projected against a budgeted net expenditure of £351.9k.

### **Corporate Management & Democratic Services**

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Expenditure	72,435	59,500	12,935	81,750	104,833
Income	0	0	0	0	0
<b>Net Expenditure</b>	72,435	59,500	12,935	81,750	104,833

These two departments have a negative variance of £12.9k overall at the end of the 3<sup>rd</sup> quarter. As reported in Q2, this is due to a grant payment of £15k to the Swanage & Purbeck Development Trust for 2017/18 being rolled over to 2018/19. £2.8k was paid in 2017/18 and with £6.4k having been paid in the current year. As such a further £5.8k is still to be paid over. The timing of this payment is not yet known and may carry forward to 2019/20. The two other grants, one to Durlston and one to Purbeck District Council have both been paid over. The Mayor's Allowance, budget of £1.5k, is currently unspent. Although the Council has not previously adopted a policy for the Mayor's Allowance, it is suggested that any balance remaining at year-end be allocated as a donation to the current Mayor's charity. **To approve the donation of the unspent Mayor's Allowance at year-end to the Mayor's nominated charity.**

A variance of £2.9k has also been realised in external audit fees. Following elector correspondence, additional works were carried out by PKF Littlejohn LLP with regards to the AGAR, and in accordance with regulations, the Council was invoiced for the works, resulting in the variance.

### **Interest & Investment Income**

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
<b>Net Expenditure</b>	(149,268)	(114,890)	(34,378)	(150,000)	(192,500)

A significant variance in investment interest has been realised at the end of the 3<sup>rd</sup> quarter of the year. At the time of estimating the return for 2018/19, it had been assumed that there would be a redemption of a proportion of the funds held in the CCLA LAMIT property fund. To date this has not been deemed necessary and the investment continues to return a yield above estimate. Presently, it is not anticipated that any of the Council's holding in the property fund will be redeemed in the near future, but this will be based upon a review of the Council's portfolio as a whole.

The Council's investment portfolio is at 31<sup>st</sup> December 2018 detailed below:

<b>Investment Portfolio</b>	Balance on 01/04/2018 £	Investments Made £	Maturities/ Investments Sold £	Balance on 31/12/2018 £
Banks and building societies and other organisations	1,219,605	1,258,035	1,245,015	1,232,625
Money Market Funds	403,851	440,259	(344,110)	500,000
Investments in Pooled Funds	4,000,000	0	0	4,000,000
Commercial Paper, Corporate Bonds and other marketable instruments	364,240	0	(364,240)	0
<b>TOTAL INVESTMENTS</b>	<b>5,987,696</b>			<b>5,732,625</b>
Increase/(Decrease) in Investments				<b>(255,071)</b>

During the 3<sup>rd</sup> quarter, the Council has diversified the short term investments that it holds, with cash movements to Money Market Funds and bank fixed deposits, although it continues to hold significant funds, £732k, in a Lloyds call account. The Council will continue to review its short term counterparties to further diversify and move away from unsecured bank deposits. The table below shows that the current rate of return on the Council's short term investments is 0.48%, increasing from 0.07% at the end of the previous quarter.

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

<b>Yield</b>	
Internal Investment Return	0.48%
Cash Plus & Short Bond Fund - Total Return	-
Strategic Funds - Total Return	4.67%
<b>Total Investments - Total Return</b>	<b>3.53%</b>
All External Funds - Income Only Return	4.22%
All External Funds - Capital Gains/Losses	0.45%
<b>Total Investments - Income Only Return</b>	<b>3.20%</b>

Extract from Arlingclose Benchmarking Results 311218

Looking at the income return, the Council has realised an overall income return of 3.20%, with the Council's external strategic investments realising a yield of 4.22%.

The strategic funds are those held in the long term, with CCLA, M&G and Investec. These investments continue to perform well in terms of income return and show an overall capital gain of 0.45%. However, the gains are weighted heavily in the CCLA LAMIT property fund with the Investec Multi Asset Fund and the M&G Corporate Bond Fund showing unrealised losses following an active but uncertain market in the last few months, which is likely to continue in the following months. That said, however, the Council did look at these investment for a minimum 5 year period and capital losses were expected initially.

The performance of the strategic, long-term investments is shown in Appendix B, with the performance given for the year 23<sup>rd</sup> January 2019 and the investments' performance since purchase to 23<sup>rd</sup> January 2019 (N.B. not 31<sup>st</sup> December 2018).

Although the Proper Practices (accounting for long-term investments) that the Council have to follow don't allow for the revaluation of the long-term investments, it should be noted that the £4m invested is currently valued at £4.63m, an unrealised capital gain of £0.63m overall.

### **Employee Costs**

	Q3			Annual	
	Actual	Budget	Variance	Budget	Projected Outturn Q3
	£	£	£	£	£
Car Parks	28,980	39,450	(10,470)	48,060	38,000
Boat Park & Fishermen's Huts	6,281	7,850	(1,569)	7,000	6,100
Parks & Operations	278,666	329,353	(50,686)	443,420	383,050
Beach Gardens	17,793	18,500	(707)	18,500	17,800
Beaches/Foreshore	19,446	31,194	(11,748)	39,385	21,940
Tourism	103,055	103,744	(689)	133,185	134,000
Central Services	147,748	168,503	(20,755)	221,950	203,450
<b>Total</b>	<b>601,969</b>	<b>698,593</b>	<b>(96,624)</b>	<b>911,500</b>	<b>804,340</b>

At the end of the 3<sup>rd</sup> quarter, employee costs of £601.9k were seen against a budget of £698.5k with a positive variance of £96.6k being realised. This is a continuation of vacant posts not having been filled. This is a mix of permanent and seasonal posts. The recruitment to seasonal posts was once again challenging for departmental managers. The year-end outturn of £804.3k is now expected against an original budget of £911.5k.

### **General Fund-Contribution to Reserves and financing Capital Expenditure**

Year to date, £13.9k from the General Fund has been used to finance capital expenditure. This is the money received from the trade-in of the 2 Cabstars and is therefore part financing the purchase of replacement vehicles. This has a nil net effect upon the general fund, with a contra receipt having been received into the depot. £85k was initially earmarked to finance capital expenditure, however, these two projects have been deferred, resulting in a variance.

The Council has received £9,495 from Y-Axis to finance the purchase of skate park equipment. This has been appropriated to the relevant reserve, again with no effect upon the general fund. In October 2018 the Council received £400,000 from Wessex Water, following an enforcement undertaking. These funds have been appropriated to a newly assigned Community Seafront Defence Project Reserve, again with a nil effect upon the general fund.

### **Revenue Account - General Overview**

The Council's operational costs are under budget by £341k at the end of the 3<sup>rd</sup> quarter, with the net surplus £409k over budget. The under spend on employee costs is marked and is accountable for £96k of this under spend. Income is higher than budget, predominantly in car parking and investment income, and as the majority of Council income is variable by nature this often leads to variances.

Projections to year-end show that operational costs will remain under budget, presuming income and expenditure is as per budget profile. However, in viewing Appendix A it can be seen that only £20k, from an estimated £185k of expenditure on items programmed for the current year has been spent year to date. There are many factors contributing to the deferment or cancellation of some minor projects, however, the variance is prominent.

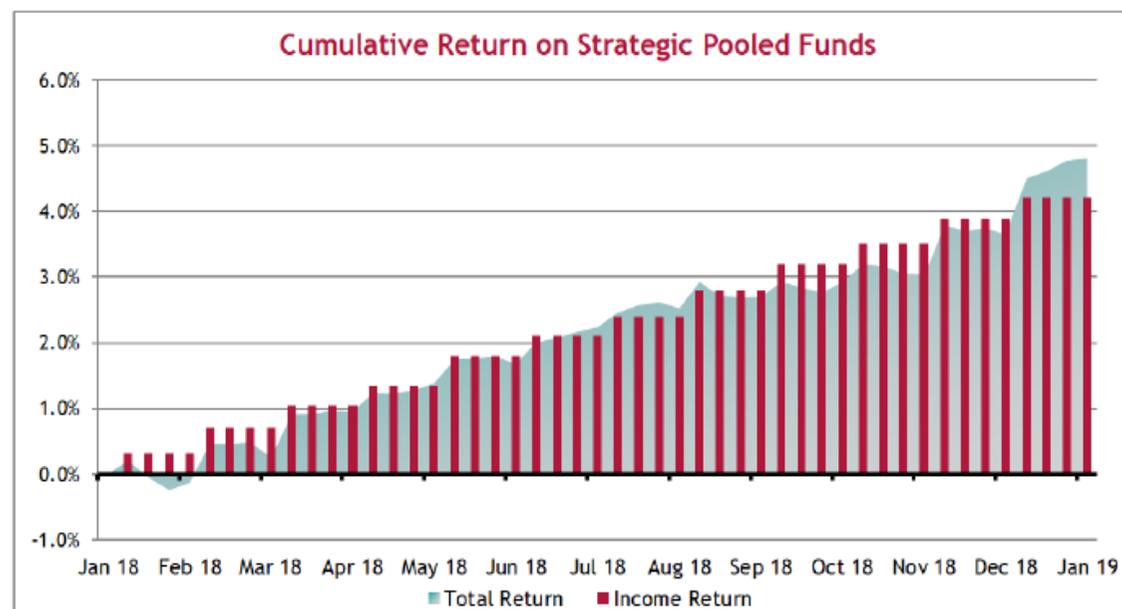
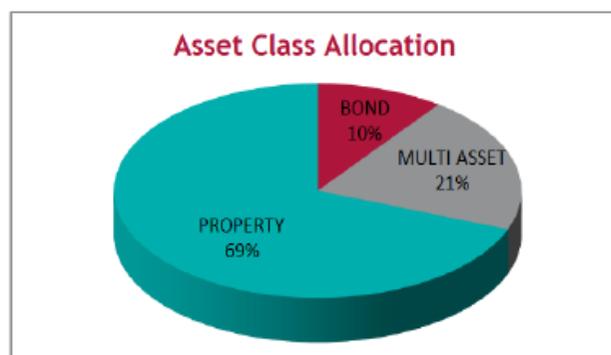
## Appendix A

### Extraordinary/One Off Revenue Expenditure - 2018/19

<u>Service Area</u>	<u>Project</u>	<u>Budget</u>	<u>Actual Expenditure</u>	<u>Programmed</u>	<u>Notes</u>
Cemeteries	Memorial Inspections plus database	8,000	-	Q4	
	Tree Works - Pollarding	2,000	-	Q4	Ongoing
Panorama Road & Quarry Close	H & S Works	10,000	-	Q4	Ongoing
Plant & Machinery	Strimmers	5,000	5,111	October	Complete
	Fairway Push Mower	2,000	958	May	Complete
Depot	Radio Communication System	9,000	-	Q4	Under review. Site survey required.
Beaches	Renewal of Safety Signage	6,000	-	Q4	Originally programmed for June- now Q4
Station	Landlord's Electrical Safety Certificate	6,000	-	March	
Festive Lights	Replacement & Maintenance of Festive Lighting	15,000	2,489	Q3-4	General maintenance only
Shore Road Beach Huts	Stools and tables	2,250	-	February	
Mermond Car Park	EVCP	3,000	2,177	May	Complete
Heritage Square and Shore Road	Flags	3,125	-	Q4	
Beach Gardens	Tennis Table-Concrete	1,750	1,479	May	Complete
Car Parks	North Beach Surface Repairs	16,000	7,868	October/November	Ongoing
The Downs	Wall Stabilisation and Tree works	20,000	-	Deferred to 2019/20	
Peveril Point	Road repairs, signage and line markings	10,000	-	Deferred to 2019/20	
Annexe	Repairs	15,000	-	Deferred to 2019/20	
Town Hall	Consolidation of IT/Telephony Network	8,000	-	Deferred to 2019/20	
	Entry System	6,000	-	Deferred to 2019/20	
TIC	Entry System	2,000	-	Deferred to 2019/20	
Public Conveniences	North Beach Car Park-Toilet pod consolidation	9,500	-	Deferred to 2019/20	
Plant & Machinery	Iseki Mower	9,000	-	Deferred to 2019/20	
Boat Park	Barrier Entry & Non-return System	12,000	-	To be reviewed	
Cemetery	Godlingston-Carpeting of Children's area	2,500	-	To be reviewed	
		<u>183,125</u>	<u>20,082</u>		
<u>B/fwd/Additions</u>					
Town Hall	Curtains-Chambers	4,812	4,950	April	
Beach Gardens	Tree Maintenance	-	2,910		
Parks & Operations	St Marks Playing Field repairs	7,500	-	Deferred to 2019/20	
		<u>12,312</u>	<u>7,860</u>		
<b>Total</b>		<u><u>195,437</u></u>	<u><u>27,942</u></u>		

# Strategic Investments - One Year

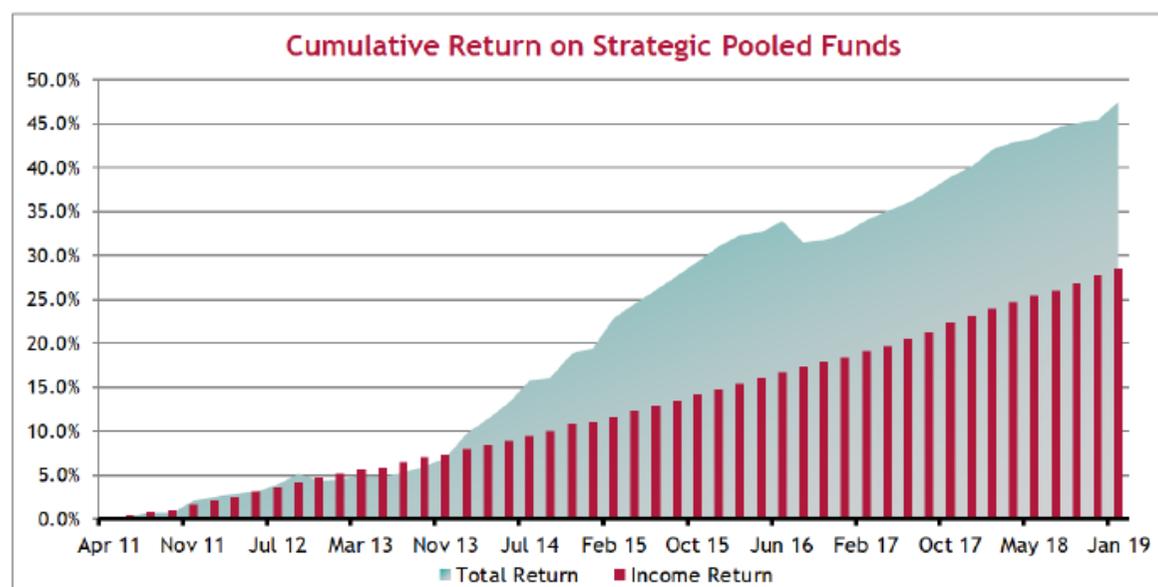
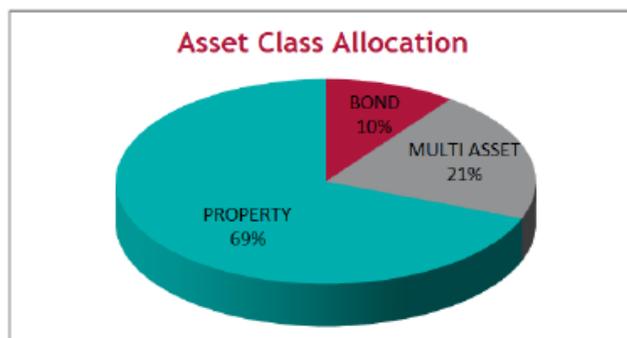
STRATEGIC POOLED FUND PORTFOLIO				SWANAGE				From:	23/01/2018	To:	23/01/2019
FUND NAME	ASSET CLASS	No of Units Held in Period	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility	
CCLA - LAMIT PROPERTY FUND	PROPERTY	1,053,526	3,200,085	96,398	135,142	1.0	3.11%	4.35%	7.46%	2.0%	
INVESTEC DIVERSIFIED INCOME FUND	MULTI ASSET	940,645	962,656	-36,967	41,201	1.0	-3.70%	4.12%	0.42%	2.2%	
M&G STRATEGIC CORPORATE BOND FUND	BOND	44,259	468,453	-31,592	17,496	1.0	-6.32%	3.50%	-2.82%	2.9%	
<b>GRAND TOTAL</b>			<b>4,631,194</b>	<b>27,838</b>	<b>193,840</b>	<b>1.0</b>	<b>0.60%</b>	<b>4.21%</b>	<b>4.82%</b>	<b>1.6%</b>	
<b>Annualised Returns:</b>							<b>0.60%</b>	<b>4.21%</b>	<b>4.82%</b>		



Extract from Arlingclose Treasury Strategy Meeting Notes 300119

# Strategic Investments - Since Purchase

STRATEGIC POOLED FUND PORTFOLIO			SWANAGE				From:	01/04/2011	To:	23/01/2019
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	3,200,085	808,775	1,008,675	7.4	33.86%	42.22%	76.08%	3.1%
INVESTEC DIVERSIFIED INCOME FUND	MULTI ASSET	940,645	962,656	-37,344	69,025	1.7	-3.73%	6.90%	3.17%	0.8%
M&G STRATEGIC CORPORATE BOND FUND	BOND	44,259	468,453	-31,548	30,788	1.7	-6.31%	6.16%	-0.15%	0.9%
<b>GRAND TOTAL</b>			<b>4,631,194</b>	<b>739,883</b>	<b>1,108,488</b>	<b>5.2</b>	<b>19.03%</b>	<b>28.50%</b>	<b>47.53%</b>	<b>2.0%</b>
<b>Annualised Returns:</b>							<b>1.40%</b>	<b>4.53%</b>	<b>5.93%</b>	



Extract from Arlingclose Treasury Strategy Meeting Notes 300119