

# SWANAGE TOWN COUNCIL



## Preliminary Budget Report 2025/26

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## 1. Introduction and Budgetary Context

- 1.1 This report provides a commentary on the draft revenue budgets for 2025/26, together with planned capital expenditure and contributions to reserves and balances. The revenue and capital budgets are set out in summary format in **Appendix A**, including future projections until March 2028. This forms the basis of the Council's Medium Term Financial Plan.
- 1.2 The development of this budget has been informed by the Town Council's Corporate Plan 2023-25, which was adopted following extensive public consultation. The Council's financial plans are focused on the following priorities:
- Delivering Good Governance
  - Promoting Sustainable Tourism and Supporting the Local Economy
  - Encouraging Health and Wellbeing and Enhancing Community Safety
  - Planning for the Future and Preserving our Heritage
  - Protecting the Natural Environment and Addressing the Climate Crisis
- 1.3 By far the most financially significant project contained in the Corporate Plan is the stabilisation of the seafront land between Victoria Avenue and Cliff Cottage, referred to in this document as the Green Seafront Scheme. This includes Sandpit Field, the Weather Station Field and the Spa. It is recognised that significant ground movement needs to be addressed as the risk of a substantial landslip and damage to surrounding infrastructure, which would have a significant negative impact on the town's visitor economy, is increasing year-on-year.
- 1.4 As set out in last year's budget report, two outline proposals for the Green Seafront Scheme were developed during 2023 and were the subject of public consultation in the autumn. An enhanced scheme, which would see the filling in of Walrond Road to extend the 'green seafront', was the preference of 51.1% of respondents. 43.6% of respondents favoured the essential scheme which was less ambitious in its outcomes.
- 1.5 During the current financial year Heidelberg Ltd were instructed via Dorset Council to undertake Early Contractor Involvement to review the costings for these two schemes in light of their practical engineering experience. This resulted in a cost estimate of £4.5m for the baseline scheme and £10.7m for the enhanced scheme. As a result of that the Council commissioned a third option which, it is anticipated, will be the subject of public consultation in the spring of 2025.
- 1.6 It is recognised that none of the three options can be implemented without significant external funding, the proceeds from asset disposal, borrowing, or a combination of all three. The funding gap is smallest in respect of the essential scheme and is currently estimated to be £720k. Therefore, as last year, for budget setting purposes the costs of the essential scheme have been included in the budget, at a maximum of £4.5m.
- 1.7 Expenditure of £4.5m by a town council's is an exceptional occurrence and will have a very significant impact on Swanage Town Council's financial planning. The sharp decline in the Council's reserves from £5.81m at 31<sup>st</sup> March 2024 to £1.17m by 31<sup>st</sup> March 2028 is evident from **Appendix C**, which sets out the Council's projected reserves and balances. The impact of this on the Council's revenue funding can be seen in **Appendix A**, which demonstrates a decline in Council income (excluding precept) from £1.90m to £1.76m over the coming three years. This is principally due to a reduction in investment income consequent on the

Council using its savings to fund the Green Seafront Scheme and other capital projects. This provides important context for the budget setting decisions that will be taken this year and for the foreseeable future.

- 1.8 In terms of the national economic outlook, the inflationary shock has eased significantly over the last year. CPI stood at 2.6% in November, down from 3.9 % in November 2023 and 10.7% in November 2022. Although the trajectory for inflation has been upwards over the last three months the Council's treasury management advisors state that inflation is expected to stabilise around the Bank of England's 2% target over the medium term.
- 1.9 Whilst lower inflation is easing some of the cost pressures faced by the Council over recent years, other external forces are acting in the opposite direction. Whereas large sections of the public sector have been protected from the rise in employers' National Insurance contributions announced in the autumn budget, this is not the case for town and parish councils. This will add £30,000 to the employment budget in 2025/26, equivalent to a 3.4% increase in the parish precept. The withdrawal of transitional relief following the Business Rate revaluation of 2023 is also continuing to add to costs over the next two financial years.
- 1.10 Interest rates have fallen from 5.25% to 4.75% during the current financial year. They are forecast to fall further during 2025/26 to a low of around 3.75% by December 2025. The pace of reduction is now forecast to be slower than anticipated a year ago. Due to the impact of UK government policy and a change of government in the USA, considerable uncertainty surrounds this. Higher interest rates have been to the benefit of the Council's finances over recent years, providing a return on its investments significantly higher than forecast.
- 1.11 The most significant external factor on the Town Council's finances in the forthcoming financial year is Dorset Council's decision to implement a 100% premium on the council tax payable in respect of second homes, using powers contained in the Levelling Up and Regeneration Act, 2023. This has resulted in a 15.8% increase in the tax base for 2025/26. The Town Council retains the ability to set its precept at a level that it deems appropriate, the Ministry of Housing, Communities and Local Government (MHCLG) having again confirmed that it has no plans in the foreseeable future to extend referendum principles to local councils to cap parish precepts.
- 1.12 The Town Council has carried out a thorough review of its planned income and expenditure as part of the budget setting process. Each of the Council's standing committees met during October and November 2024 and considered relevant budget matters for the 2025/26 financial year. The Finance and Governance Committee met on 11<sup>th</sup> December to consider each of the committees' recommendations regarding the scale of charges, capital programme and schedule of one-off expenditure for the year ahead.
- 1.13 Two budget workshops for councillors have also been held on 25<sup>th</sup> November 2024 and 6<sup>th</sup> January 2025 to take an overview of how the plans for 2025/26 are likely to impact on the Medium Term Financial Plan.
- 1.14 The Finance and Governance Committee is asked to review these draft estimates in detail and make a recommendation to the Council meeting to be held on 20<sup>th</sup> January 2025 which will agree the final estimates and set the precept for the 2025/26 financial year.

## 2. Summary of 2024/25 Financial Year to date

- 2.1 In April 2024 the total Council Tax precept rose by 3.5% and as a result of a 0.5% increase in the tax base household bills increased by 2.98%.
- 2.2 The Town Council entered the 2024/25 financial year with a surplus general fund balance of £873,555. The net cost of services is projected to be £1,237,920 15% higher than the budget estimate of £1,068,390.
- 2.3 The Council intends to transfer £263,790 net to earmarked reserves, including £25,000 to fund future environmental improvement projects, £65,800 to the Treasury Risk Management Reserve to cushion any potential loss on the Town Council's long-term investments and £10,000 to a new Boat Park Reserve.
- 2.4 It is forecast that there will be a deficit on the general fund for the current financial year of £133,580, resulting in a general fund balance at 31<sup>st</sup> March 2025 of £739,975. This is above the Council's risk assessed minimum level (see **Appendix E**) and remains within the recommended range of general reserves. This is explained further below, in paragraphs 6.2 and 6.3.

## 3. Income Analysis

- 3.1 Table 1, below, summarises the Council's largest sources of non-precept income during the last four full financial years, together with the forecast out-turn for 2024/25 and the draft budget estimate for 2025/26. These headings, together with the precept, account for approximately 94% of Council income, excluding one-off grants. At budget setting 2024/25 these income streams were projected to increase by 6.2%; it is now anticipated that they will have increased by 8.6%, largely due to higher than anticipated car parking and investment income.
- 3.2 **Car parking income** is estimated to be on budget at year-end. The Tourism & Local Economy Committee, following consideration of the tariff structure at a meeting of the Car Parks Working Party, recommended that the peak and off-peak periods be merged to one summer period, applying the current peak tariffs from 1 April to 31 October, uplifting the off-peak tariffs but freezing the tariffs in the main summer period.
- 3.3 Largely as a result of higher interest rates and deferred capital expenditure, **investment income** has risen to the highest level received by the Council and includes £61.5k relating to a gain from the sale of units in a strategic investment. Council has agreed that above-budgeted income will be allocated to an earmarked reserve (EMR) as a cushion against the fall in the capital value of some of the Council's long-term investments. A ceiling equating to any unrealised loss on strategic investments will be applied at year end, meaning that £66k is estimated to be transferred to the EMR in 2024/25. Although it is currently anticipated that interest rates will continue to fall across the 2025/26 financial year, it is projected that investment income will remain well above the average received over the last 15 years. However, once the Council implements the Green Seafront Scheme this will reduce significantly and will represent a substantial reduction in Council income by the 2027/28 financial year.

- 3.4 Income from **property rentals** has recovered somewhat during 2024/25, largely due to the Council having entered into a new lease for a catering unit on the seafront. This upward trajectory is likely to continue in 2025/26 due to the implementation of a number of rent reviews, the opening of a seafront sauna business and the re-letting of the former taxi office to Swanage Railway. Income remains largely stable from the Council's **beach and seafront concessions** (for deckchair/pedalo hire and boat operators). The council also continues to receive a 1/9<sup>th</sup> share of Dorset Council's rental income from the **Purbeck Business Centre**.
- 3.5 **Beach hut income** has risen significantly in the current financial year and it is projected that it will continue to do so during 2025/26. This is due to the combination of higher occupancy rates, fee increases and the introduction of a revised charging structure.

**Table 1. Budgeted sources of income with an average in excess of £5,000 2020/21 – 2025/26**

<b>Budgeted Sources of Income in excess of £5,000</b>	<b>20/21 Actual</b>	<b>21/22 Actual</b>	<b>22/23 Actual</b>	<b>23/24 Actual</b>	<b>24/25 Forecast Outturn</b>	<b>25/26 Estimate</b>
Car Parking (includes Co-Op net income)	470,950	729,610	698,425	772,505	<b>808,030</b>	842,675
Investment Income	184,900	165,750	208,000	307,000	<b>367,255</b>	240,000
Property Rental*	206,655	207,155	208,255	181,130	<b>195,430</b>	203,680
Beach Hut Fees	48,000	128,830	159,520	162,860	<b>182,050</b>	196,350
Beach Gardens	21,560	38,200	57,610	69,525	<b>69,995</b>	69,800
Boat Park Fees	35,600	48,000	54,590	60,315	<b>64,485</b>	65,750
Cemetery Charges	28,400	35,570	39,075	28,830	<b>32,000</b>	33,000
Private Beach Hut Sites**	18,200	18,200	18,900	19,835	<b>23,100</b>	25,100
Market Income	9,400	19,125	19,275	23,000	<b>22,530</b>	23,000
Fishermen's Huts	8,835	8,820	9,630	11,130	<b>11,315</b>	11,840
TIC net income from sales and commission	3,840	6,630	8,175	8,595	<b>10,885</b>	8,500
Allotment Rents	8,665	9,000	9,225	8,920	<b>9,550</b>	9,700
Beach and Seafront Concessions	7,640	7,770	7,995	8,255	<b>8,270</b>	8,425
Purbeck Business Centre Profit Share	8,125	8,125	8,125	8,125	<b>8,200</b>	8,300
TIC Advertising Boards	6,730	6,600	7,390	6,145	<b>7,675</b>	7,800
<b>Total</b>	<b>1,067,500</b>	<b>1,437,385</b>	<b>1,514,190</b>	<b>1,676,170</b>	<b>1,820,770</b>	<b>1,753,920</b>

\* Property rental figures do not take into account any uplift from forthcoming rent reviews.

\*\* Private Beach Hut Fees are subject to the conclusion of discussions with site users.

- 3.6 The figure included in the budgets for income from the **private beach hut site licence fee** is notional as the Tourism & Local Economy Committee deferred the matter at its meeting on 27<sup>th</sup> November 2024. Discussions will be held with beach hut users during the remainder of the 2024/25 financial year and a report will be provided to a future Council meeting in order to agree the charge for 2025/26.
- 3.7 The **boat park** has remained full to capacity this year. In recognition of the requirement for future improvement works, it is proposed that the Council should establish an earmarked reserve to build up funds accordingly. The **fishers' huts** also remained fully occupied. Increases of around 4% have been applied to these fees and charges, with the exception of the boat park launch fees which are being increased by between £2 and £5 (up to 33%).
- 3.8 Income from **Beach Gardens** has remained stable, following significant increases over recent years. The Bowls and Tennis Clubs have agreed a licence fee for use of the Pavilion for the period 2024/25 – 2026/27 which will contribute towards the operating costs of the facility. Looking ahead, it is assumed that there will continue to be a small but steady increase in putting usage and that investment in a panini maker will generate additional income from refreshment sales at Tea on the Green.
- 3.9 Income from the **Information Centre** has risen over recent years and stock sales were exceptionally high in 2024/25. However, it is not anticipated that such a high level will be maintained in the coming financial year. Revenue from **advertising boards** has increased during 2024/25 and it is anticipated that this will be maintained, partly due to a new charging structure.
- 3.10 Pitch-fee income from **Swanage Market** has remained stable year-on-year and is projected to see little change during 2025/26.
- 3.11 Income received from community facilities includes **allotments** and **cemetery charges**. The majority of charges are due to be increased by between 3% and 5% in 2025/26. Cemetery income fluctuates due to demand and is projected to have risen year-on-year in the current financial year.
- 3.12 In total, the revenue generated from the activities listed in Table 1 is predicted to decrease by 3.7% during 2025/26, solely due to a reduction in investment income as interest rates are reduced and capital projects are delivered. The sources of income listed above, less investment income, are projected to increase by 4.2%.
- 3.13 In looking to future opportunities to raise additional revenue, the Council may seek interest in additional concessions and will continue to consider commercial opportunities within the Green Seafront Scheme.

#### 4. Expenditure Analysis

- 4.1 Table 2, below, summarises the Council's largest revenue costs during the last four financial years, together with the 2024/25 forecast out-turn and the 2025/26 budget estimate. These headings account for approximately 80% of Council expenditure and are projected to have increased significantly in the current financial year, by 12.3%, following an increase of 11.9% in the previous financial year. This is principally due to increases in employment costs and business rates, alongside higher expenditure on repairs and maintenance budgets.

- 4.2 The Council's largest item of expenditure is **employment costs**. This was broadly in-line with budget in 2024/25, the significant increase year-on-year being largely a result of the nationally agreed local government pay settlement. A figure of 4% for the annual cost-of-living increase has been used to estimate employment costs for 2025/26. Following consideration by the Personnel Committee at a meeting held on 8<sup>th</sup> January 2025, the estimates for 2025/26 and 2026/27 include the cost of a project delivery officer. If the budget is approved this post will be recruited for a fixed term two-year period in order to ensure that the Town Council continues to deliver on its corporate plan while existing management resources are targeted on delivery of the Green Seafront Scheme and Neighbourhood Plan.
- 4.3 Planned **repairs and maintenance** costs fluctuate, depending on the prioritisation of works required in accordance with the Council's Asset Management Plan. Having risen for three years, it is anticipated that a lower sum will be required in 2025/26, although some urgent matters are likely to need to be addressed in-year together with a number of known repairing issues (including remedial works to a party wall at Marsh Way) which can only be taken forward once costings have been ascertained. Expenditure is, therefore, highly likely to be above the estimated budget for 2025/26, reflecting the importance of the general fund balance to be available to fund expenses that must be incurred in-year.
- 4.4 The most significant one-off items of expenditure that have been proposed for inclusion in the estimates by the Council's committees are set out at **Appendix B** for Members' approval, totalling £133,000.
- 4.5 **Business rate** payments continue to rise, albeit by only around 4% in 2025/26. A further significant rise is, however, anticipated in 2025/26 when the full impact of the 2023 revaluation is seen in the Shore Road beach hut bill. This is currently the subject of the Valuation Office Agency's 'check and challenge' process.
- 4.6 In respect of **utilities**, the Council's energy costs are projected to stabilise in the coming year following recent increases, although this is clearly subject to market forces. In line with its environmental policy, the Council has prioritised the purchase of 100% green energy in recent procurement exercises.
- 4.7 The **public toilet cleaning** contract cost has remained largely unchanged, although a small additional cost has been incurred due to increased winter opening of the toilets in Main Beach Car Park in support of Swanage Railway's Polar Express event.
- 4.8 The costs of **processing car parking fees** are predicted to fall significantly as the result of a recent tender exercise.
- 4.9 The Council's largest external central services costs remain broadly stable. **Legal and professional fees** include a wide range of external professional support, such as solicitors, valuers and financial advisory services. Legal fees have increased in recent years, but a significant proportion of these will be recoverable. The Council's **insurance premium** remains relatively unchanged. **IT service** costs were higher in 2024/25 due to the replacement of the Council's main server, and in 2025/26 include the cost of replacement desktop computers, to be funded from the relevant earmarked reserve.



**Table 2. Average Budgeted Expenditure in excess of £15,000 2020/21 - 2025/26**

<b>Cumulative Budgeted Expenditure in excess of £15,000</b>	<b>20/21 Actual</b>	<b>21/22 Actual</b>	<b>22/23 Actual</b>	<b>23/24 Actual</b>	<b>24/25 Forecast Outturn</b>	<b>25/26 Estimate</b>
Employment Costs	895,905	918,710	1,074,530	1,202,455	<b>1,309,980</b>	1,451,350
Repairs and Maintenance	345,300	137,965	250,300	272,115	<b>318,115</b>	168,625
Business Rates	156,835	157,645	157,645	139,415	<b>201,840</b>	209,425
Utilities	57,950	82,695	99,545	131,970	<b>138,240</b>	127,610
Public Convenience Cleaning and Toilet Requisites	59,520	64,380	72,265	76,430	<b>76,750</b>	76,750
Legal and Professional Fees*	25,480	21,090	20,890	43,315	<b>45,000</b>	27,000
Car Parks Cash Collection/Credit Card/Cashless Parking	22,550	34,920	34,000	42,105	<b>44,500</b>	36,000
RNLI Lifeguards	18,810	23,840	25,630	29,065	<b>31,805</b>	32,925
Festive Lights	30,580	23,115	23,490	17,830	<b>25,500</b>	24,400
Insurance	20,355	20,115	20,065	21,640	<b>23,350</b>	24,000
I.T. Services	16,220	13,060	13,620	15,850	<b>21,735</b>	16,500
Development Trust – Health & Wellbeing Hub	n/a	n/a	n/a	21,000	<b>21,000</b>	21,000
Environmental Projects Funding	16,000	15,855	19,960	19,180	<b>20,000</b>	20,000
Tree Works	22,550	4,185	11,295	7,760	<b>13,850</b>	15,000
<b>Total Expenditure</b>	<b>1,688,055</b>	<b>1,517,575</b>	<b>1,823,235</b>	<b>2,040,130</b>	<b>2,291,665</b>	<b>2,250,585</b>

\* A significant proportion of the Town Council’s legal fees will be recharged for 2023/24 and 2024/25.

4.10 Some significant cost pressures related to the beach have eased. It is proposed to continue to engage **RNLI lifeguards** in 2025/26, the increase in costs having slowed in line with the contract which is index-linked. Seaweed management costs have been removed from the above table as they have consistently fallen below the £15,000 threshold for inclusion in this table and are projected to remain at that level.

4.11 The annual budget for **tree works** remains significant due to the implementation of recommendations made in a recent tree survey.

4.12 There have been a number of significant additions to Council expenditure over recent years. The largest of these relates to the annual charge for the **festive lights**. The cost has increased following the latest tender exercise, although an annual contribution is made by the Chamber of Trade. In line with the Council’s Environment Action Plan, funding for a range of **environmental projects** continues to be made available in support of important

partnership work with Sustainable Swanage, Planet Purbeck and others. 2025/26 will see the third and final year of the Council making a £21,000 contribution to Swanage & Purbeck Development Trust towards the establishment of the Focus Centre **health and wellbeing hub**. Works are currently being undertaken to the former Day Centre building which will facilitate public access to a broad range of community services within Swanage which might otherwise be lost to the town.

- 4.13 In addition to these costs, the Council makes a number of **Grants and Donations** and Contributions to Partner Organisations. As in previous years a sum of £10,000 has been allocated for small community grants in the draft budgets. Following an application from the CAB for an increase in its annual grant it is proposed that an uplift to £2,500 should be approved which will enable the organisation to provide greater privacy for their clients by operating from the Focus Centre in future. This will also reflect the fact that the Town Council will no longer be providing free office space in the Town Hall as a result of the CAB finding alternative accommodation.
- 4.14 For many years the Town Council has funded the school crossing patrol at Swanage Primary School, provided by Dorset Council. The cost of this service is increasing significantly in 2025/26 from £4,500 to £8,000 and it is proposed that a meeting be held between representatives of the two councils and the school in order to determine the best way forward.
- 4.15 Having increased significantly over recent years, largely as a result of inflationary pressures, the expenditure set out in Table 2 above is expected to remain stable in 2025/26, declining by 1.8%. It is envisaged that increased spending on staffing, business rates and other items will be offset by reductions in repairs and maintenance, utility costs, legal fees and car park cash-collection.
- 4.16 Over the next three financial years (2025/26 to 2027/28), total revenue expenditure on all items is projected to remain relatively unchanged at between £2.8m and £2.9m. The greatest financial challenge facing the Council is that its revenue income (excluding the parish precept) is projected to decline from £2m to £1.76m, largely as a result of the loss of investment income resulting from the completion of the Green Seafront Scheme. This can be seen in the budget summary in **Appendix A** and is discussed further in Section 6 below.

## **5. Reserves and Capital Programme**

- 5.1 The Town Council has an obligation to ensure that adequate investment is made in its property assets so that they remain fit for purpose, and to establish financial reserves to meet this expenditure. In addition to the statutory Useable Capital Receipts Reserve (containing the remainder of funds received from the disposal of Swanage Bay View Holiday Park and other assets), the Council has established earmarked reserves as listed in **Appendix C**.
- 5.2 These reserves contained £2,821,915 as at 31<sup>st</sup> March 2024 and it is proposed that they will fund expenditure of £153,345 in the current financial year. This includes £58,435 to finance capital expenditure. The three-year capital programme shows a further £2,875,995 being spent from these reserves by 31<sup>st</sup> March 2028, by far the greatest proportion funding the Green Seafront Scheme, together with £1.6m from the Usable Capital Receipts Reserve.

- 5.3 The Town Council has been able to make significant contributions to earmarked reserves over recent years. The purpose of this is to save in advance for known expenditure to prevent the Council having to fund items such as public toilet refurbishment or replacement IT equipment in any one financial year. At budget setting in January 2024, Council was not in a position to commit to make significant reserve contributions beyond 1<sup>st</sup> April 2025. However, as a result of the increase in precept derived from the higher tax base (see below), contributions of £154,670 have been projected for 2025/26 and 2026/27, with £174,670 allocated in 2027/28. This includes £25,000 p.a. to an Environmental Projects Reserve to fund future environmental improvements to the Council's public buildings in advance of the 2030 deadline to achieve carbon neutrality.
- 5.4 The creation of two new reserves have been proposed through budget setting. A Boat Park/Fishers' Huts Reserve will accumulate funds for works at that location in the future, although on current projections the Council is only able to contribute £10,000 p.a. An Asset Management Plan Reserve will build funds from 2026 onwards for other improvements to assets, including the refurbishment of the seafront shelters.
- 5.5 To date, during the 2024/25 financial year £106,900 has been received from Dorset Council under the Community Infrastructure Levy on new development. As agreed at the Finance & Governance Committee in December 2022, CIL funds will be utilised in the first instance for works to Council-owned 'infrastructure' as defined in Section 216 of the Planning Act 2008. In the short term, the funds will be primarily earmarked for the Green Seafront Scheme.
- 5.6 A **schedule of estimated capital expenditure for the years 2025/26 – 2027/28**, was considered at the meeting of the Finance & Governance Committee held on 11<sup>th</sup> December 2024 and is provided at **Appendix D**. The total cost of programmed works is estimated at £5.57m over the next three financial years. The largest item of expenditure is the Green Seafront Scheme. Following the Early Contractor Involvement undertaken during 2024, the assumption used in setting these budgets is that a sum of at least £4.5m will be required to undertake this project. As explained in the public consultation that took place in the autumn of 2023 a proportion of this sum is as yet unfunded: that currently stands at £720k. Whichever scheme is to be implemented, options to fill the funding gap will be reviewed during the forthcoming financial year, including borrowing and asset disposal.
- 5.7 The next largest items included on the capital programme are a contribution to Dorset Council's coastal defence works project (£450k), a contribution towards the Days' Park community sports facility (£185k) and the Peveril Point Road stabilisation scheme (£200k).
- 5.8 As part of the budget setting process, both the Community Services Committee and Finance & Governance Committee have considered requests for capital funding for projects from two community groups. Firstly, Swanage Skatepark Community Group (SSCG) are fundraising to provide the money required for an upgrade to the skatepark at King George's Field. This is to supplement an existing allocation of £15,000 in the capital programme that was adopted during budget setting 2024/25.
- 5.9 SSCP have requested an additional £20,000 contribution from Swanage Town Council, and information provided by the group has been included with these agenda papers. It is estimated that a total of £66,000 is required to undertake Phase 1 of the improvement works. The current sum available is £5,000 short of this amount. The group have requested that the

Town Council contributes an additional £20,000 to make a total of £81,000 available to undertake the first phase of the project. At its meeting on 11<sup>th</sup> December, the Finance & Governance Committee recommended that an additional £5,000 be allocated to the project, noting that consideration could be given to additional contributions at a later date. Any additional funding would be allocated from the existing King George's Skatepark & Play Area Reserve or King George's Field Management Account Reserve and so would not impact on the revenue budget, although it would reduce the sums available for future improvements to the facilities at King George's Field, under the Trust's management agreement with the Town Council.

- 5.10 The second community group to have requested capital funding is the Greengage Community Garden project. The group is fundraising for £30,000 to provide a new mobile field shelter and improved toilet facilities at Prospect Nursery, a site which the group occupy under a lease from the Town Council. Greengage have raised £14,400 towards the project, including a pledge of £6,780 from the Talbot Village Trust. The group had also made an application to the De Moulham Trust for £18,000. However, the De Moulham Trust has paused its grant making pending the outcome of the ongoing governance review in connection with the Green Seafront Scheme.
- 5.11 To secure the funding from the Talbot Village Trust, Greengage have to obtain the balance of funding for the project by the 16<sup>th</sup> November 2025. They have therefore approached the Town Council for a grant of £15,000. An application for £5,000 from the National Garden Scheme has been lodged, although the outcome will not be known until March. The Finance and Governance Committee recommended that further consideration should be given to this request and that a sum of £10,000 should be provisionally included in the 2025/26 budgets. As there is no allocated reserve, this would be funded directly from revenue.
- 5.12 Members are asked to confirm the budget allocation in respect of both of these projects to be considered by Council at the Estimates Meeting on 20<sup>th</sup> January.

## **6. Precept and General Fund Balance**

- 6.1 Under section 49A of the Local Government Finance Act 1992 a Town and Parish Council must take the following factors into account in setting its annual budget:
- the expenditure it will incur in the year in performing its functions
  - an allowance for contingencies in relation to expenditure
  - the financial reserves it will be appropriate to raise for meeting its future expenditure
  - the financial reserves necessary to meet a revenue account deficit for any earlier financial year
  - the sums which will be payable to it for the year
  - the amount of the financial reserves which the authority estimates it will use.
- 6.2 An assessment of the General Fund Balance should take into consideration the council's level of working balances and a risk assessment of contingencies. In terms of working balances, paragraph 5.35 of the JPAG *Practitioners' Guide* states that any Council with expenditure over £200,000 per annum should carry general revenue reserves equivalent to three months of expenditure. On the basis of current projections for 2025/26 this would be £742,950.

- 6.3 A risk assessment in respect of financial contingencies is set out in **Appendix E**, which suggests that £596,865 of revenue funds may be called upon in a worst-case scenario during the financial year. Although many risk factors are low, it remains of utmost importance that the Council's financial position is robust enough to withstand any unforeseen shocks, as recent years have demonstrated. A general fund balance of between £600,000 and £750,000 would therefore appear to be an appropriate target range.
- 6.4 The Town Council has previously acknowledged that where the general fund balance is above the risk assessed minimum it is legitimate to use some of these funds to support revenue spending. Given that the general fund balance is projected to be £739,975 at 31<sup>st</sup> March 2025 this remains an option for the 2025/26 financial year. However, in light of the projected impact of implementing the Green Seafront Scheme, and as a consequence losing approximately 18% of Council income by the withdrawal of its investments, this would clearly not be sustainable in the medium term (see para. 6.12 below).
- 6.5 At the Finance & Governance Committee meeting on 11<sup>th</sup> December, and at the recent councillor workshops, consideration was given as to how the Council can best balance its determination to deliver its Corporate Plan with a requirement to retain a general fund balance above the risk assessed minimum in the medium term, whilst not imposing onerous increases in council tax precept on Swanage residents.
- 6.6 The tax base for Swanage parish will increase by 15.8% in 2025/26 as a result of the imposition of a 100% premium on second homes by Dorset Council. Consequently, if the Town Council were to freeze household bills this would generate an additional £138,950 in total precept income. However, given the forecast for a significant decrease in investment income in 2025/26 and future years, together with a need to supplement earmarked reserves to plan for future expenditure, the Finance & Governance Committee requested that options of 3.5% and 5% increases in precept over and above the growth in the tax base be brought forward for consideration by the committee. Having further considered the matter, a preference for a 5% increase was informally expressed at the budget workshop held on 6<sup>th</sup> January and it is this figure that has been incorporated in the current draft budget book.
- 6.7 At budget setting 2024, annual increases of 3.5% in precept income were proposed for the next three financial years, although it was recognised that that would not facilitate contributions to earmarked reserves beyond 2024/25. If this were to be implemented in 2025/26 this would generate an additional £35,620, resulting in a forecast general fund balance as of 31<sup>st</sup> March 2026 of £716,770. As shown in **Appendix F.1** this would add £6.20 to the annual Band D bill, bringing it to a total of £183.34. This equates to £3.53 per week, an increase of 12 pence. The relevant increase for each council tax band can also be seen in **Appendix F.1**.
- 6.8 Although facilitating contributions to earmarked reserves, further 3.5% increases across each of the next two financial years would result in a general fund balance of £457,775 at 31<sup>st</sup> March 2028, significantly below the risk assessed minimum level.
- 6.9 A 5% increase in precept in 2025/26 would generate an additional £50,900 over and above the increase in tax base (£15,280 more than a 3.5% increase). This would result in a projected general fund balance of £732,050 at 31<sup>st</sup> March 2026. As shown in **Appendix F.2**, this would add £8.86 to the annual Band D bill, bringing it to a total of £186. This equates to

£3.58 per week, an increase of 17 pence. The relevant increase for each council tax band can also be seen in **Appendix F.2**.

- 6.10 Were the Council to then revert to 3.5% increases in precept for the following two financial years this is forecast to result in a general fund balance of £505,235 at 31<sup>st</sup> March 2028. Instead, if Council were to plan for 5% increases in precept in each of those years that is projected to result in a general fund balance of £554,685 at 31<sup>st</sup> March 2028.
- 6.11 Clearly, budget estimates will change significantly on a year-by-year basis and the question of whether or not to implement 3.5% or 5% increases will continue to be made annually in light of the financial information available at that time. The impact of such increases on household bills will be dependent on the Council Tax base, announced each December. It is, nevertheless, important to indicate the Council's plans to maintain a sustainable financial future at this moment in time, in accordance with the *Practitioners' Guide*.
- 6.12 On the information currently available, both 3.5% and 5% year-on-year precept increases result in annual deficits to be met from the general fund. If 5% precept increases were applied each year that is forecast to result in annual deficits of £7,925 in 2025/26, £59,555 in 2026/27 and £117,810 at the end of 2027/28.
- 6.13 Based on these estimates, both 3.5% p.a. and 5% p.a. increases in household bills result in a general fund balance below the target range of between £600,000 - £750,000 by the end of the 2027/28 financial year. In order to avoid this, the precept would need to be increased by 6.5% followed by 5%, p.a. If Members do not wish to further increase the precept to achieve this, contributions to earmarked reserves could be scaled back, although as they stand the current budgets only allocate £10,000 p.a. towards the newly established Boat Park Reserve.
- 6.14 When considering increases in household bills Members are mindful of the ongoing pressure on household budgets facing local residents. Information was obtained from Dorset Council as part of the 2024/25 budget setting process which demonstrated that 53% of households in Swanage are in Bands A-C (and consequently pay less than the Band D charge). Furthermore, 12.8% of these households receive Council Tax support.
- 6.15 For comparison, a table listing the precepts charged by Town Councils in Dorset for the current financial year is also provided in Appendix F.
- 6.16 At the councillor workshop held on 6<sup>th</sup> January 2025 it was acknowledged that the Council's financial plans will in effect remain under constant review, led by the Finance and Governance Committee, to ensure that the Council maintains a sustainable Medium Term Financial Plan over a three-year time horizon. An important task will be to ensure that implementation of the Green Seafront Scheme will leave the Council in a financially sustainable position for the long term. At the workshop it was suggested that officers be requested to bring forward a range of proposed savings that could be considered during the forthcoming financial year.
- 6.17 Members of the Finance and Governance Committee are asked to **recommend a precept for 2025/26 and adoption of the draft budgets and fees and charges** to the Council to be discussed on 20<sup>th</sup> January 2025.

Martin Ayres, Town Clerk and Responsible Financial Officer, January 2025

## Appendix A

### Swanage Town Council - Estimates 2024/25-2026/27

#### Revenue Account Summary

	Forecast 2024/25	Estimate 2025/26	Estimate 2026/27	Estimate 2027/28
<b>Expenditure</b>				
Employees (all areas)	1,309,980	1,451,350	1,503,850	1,505,830
Rates (all areas)	201,840	209,425	235,780	238,660
Utilities (all areas)	137,815	127,110	128,040	132,390
Repairs & Maintenance (all areas)	310,015	154,625	189,550	195,175
Car Parks	181,430	165,450	166,800	168,150
Boat Park/Fishermen's Huts	1,765	7,190	21,245	2,300
Public Conveniences	81,300	85,310	85,530	85,750
Cemeteries	3,000	4,000	4,000	4,000
Parks & Operations	187,155	166,925	140,250	143,175
Beach Gardens	19,225	23,250	19,800	20,350
Beaches & Foreshore	49,445	54,675	55,590	58,095
Beach Bungalows	9,075	8,475	8,575	8,675
TIC	58,005	71,850	62,150	62,950
Allotments	630	675	725	775
Grants & Donations	5,250	16,250	16,250	16,250
Contributions to Third Party Services	25,200	48,200	27,520	12,895
Corporate, Democratic & Central Services	256,420	182,175	170,040	173,815
King Georges Field	10,025	16,100	16,100	16,100
Misc Grounds	13,910	4,230	4,300	4,370
Interest Payable & Bank Charges	5,000	5,025	5,050	5,100
<b>Total Expenditure</b>	<b>2,866,485</b>	<b>2,802,290</b>	<b>2,861,145</b>	<b>2,854,805</b>
<b>Income</b>				
Investment Interest	367,255	240,000	180,000	50,000
Car Parks	926,280	960,925	962,315	963,715
Boat Park/Fishers' Huts	75,800	77,590	80,280	82,730
Public Conveniences	11,375	12,675	13,175	13,675
Cemeteries	32,440	33,440	34,440	35,440
Parks & Operations	117,420	112,800	112,825	112,850
Beach Gardens	67,805	69,800	70,300	71,300
Beaches & Foreshore	31,270	33,415	34,460	35,605
Beach Bungalows	183,225	197,525	194,175	224,275
TIC	34,130	32,585	32,785	33,485
Allotments	9,550	9,700	9,850	10,000
Other Buildings (inc C Park)	72,705	78,055	78,155	78,255
Corporate, DRM & Central	21,555	17,550	17,650	17,750
Grants/Contributions Received	29,325	3,835	3,835	3,835
CIL	106,900	0	0	0
King Georges Field	18,510	16,100	16,100	16,100
Misc Grounds	12,400	12,440	12,480	12,520
<b>Total Income</b>	<b>2,117,945</b>	<b>1,908,435</b>	<b>1,852,825</b>	<b>1,761,535</b>
<b>NET OPERATING EXPENDITURE</b>	<b>748,540</b>	<b>893,855</b>	<b>1,008,320</b>	<b>1,093,270</b>

### Capital Expenditure Summary

	Forecast 2024/25	Estimate 2025/26	Estimate 2026/27	Estimate 2027/28
Capital Expenditure	293,905	775,000	4,580,000	28,000
Expenditure capital in nature	17,500	110,500	80,000	0
<b>Total Expenditure</b>	<b>311,405</b>	<b>885,500</b>	<b>4,660,000</b>	<b>28,000</b>

### Summary - All Income and Expenditure

	Forecast 2024/25	Estimate 2025/26	Estimate 2026/27	Estimate 2027/28
<b>Expenditure</b>				
Service Provision - I & E Account	2,866,485	2,802,290	2,861,145	2,854,805
Capital expenditure	311,405	885,500	4,660,000	28,000
Total Expenditure	3,177,890	3,687,790	7,521,145	2,882,805
<i>less:</i>				
<b>Income</b>				
Income generated from Services - I & E Account	2,117,945	1,908,435	1,852,825	1,761,535
Total Income	2,117,945	1,908,435	1,852,825	1,761,535
Net Expenditure to be financed	1,059,945	1,779,355	5,668,320	1,121,270
<i>Add:</i>				
Contributions to Earmarked Reserves	263,790	154,670	154,670	174,670
<b>Total Financing Required</b>	<b>1,323,735</b>	<b>1,934,025</b>	<b>5,822,990</b>	<b>1,295,940</b>

<b>Financed by:</b>				
Precept	878,750	1,068,600	1,122,030	1,178,130
External Sources e.g Grants/ Borrowing	36,555	0	721,180	0
Capital Receipts	216,415	195,500	1,706,230	0
General Fund	133,580	7,925	59,555	117,810
Earmarked Reserves	39,435	557,000	1,970,215	0
CIL	19,000	105,000	243,780	0
	<b>1,323,735</b>	<b>1,934,025</b>	<b>5,822,990</b>	<b>1,295,940</b>



## Appendix B

### Proposed Significant One Off Revenue Expenditure/Minor Works - 2025/26

#### Community Services Committee

Ref	Item/location	Description of Works	Budget £
CS1	CCTV	Signage in all relevant locations	2,000
CS2	Public conveniences	Burlington Chine - internal refurbishment	8,000
CS3	Beach Gardens	Heaters, vents and kiosk racking	7,000
CS4	King Georges Management Account -Skatepark	Lights and new signage	4,000
CS5	Town Hall Chamber and floor	Repair and stain chamber & ground floor lobby flooring, WC refurbishment	9,000
CS6	Public conveniences - Heritage	Repointing and repairs to eastern elevation brickwork and roof parapet	5,000
CS7	Town Hall stone façade	Programmatic survey and preparation of schedule of works	8,500
CS8	Depot	New chairs for meeting room at Depot	1,500
CS9	Beach Gardens Pavilion- Kiosk	Panini machine and freezer	4,000
<b>Sub total</b>			<b>49,000</b>

#### Tourism Committee

Ref	Item/location	Description of Works	Budget £
TLE 1	Boat Park	Payment terminal – Work towards cashless facility	5,000
TLE 2	Tourism	Pedestrian Signage	2,000
TLE 3	Beach Huts	Booking system upgrade	3,000
TLE 4	Tourism	Town Maps	2,500
TLE 5	Forres bridge	Repairs	5,000
TLE 6	Santa Fe railings upgrade	Maintenance	5,000
TLE 7	TIC	Garden improvements	6,000
TLE 8	TIC	Event management software	6,000
<b>Sub total</b>			<b>34,500</b>

#### Environment & Green Spaces Committee

Ref	Item/location	Description of Works	Budget £
EC1	Spa	Ground monitoring	17,000
EC2	Spa	Risk Assessment	5,000
EC3	Recreation Ground	Resurfacing and kerbing	6,000
EC4	Environmental Projects	Project support-Environmental Action Plan and Motion for the Ocean Action Plan.	15,000
EC5	Environmental Projects	Support Sustainable Swanage	5,000
EC6	Environmental Projects	Water quality noticeboard	1,500
<b>Sub total</b>			<b>49,500</b>

**Total**

**133,000**

## Reserves &amp; Balances

The General Fund (GF)	Forecast 2024/25	Estimate 2025/26	Estimate 2026/27	Estimate 2027/28
<i>Movements on the General Fund:</i>				
Net Operating Expenditure	748,540	893,855	1,008,320	1,093,270
Transfers to/(from) Reserves	263,790	154,670	154,670	174,670
Capital Expenditure charged to the GF	0	28,000	18,595	28,000
	1,012,330	1,076,525	1,181,585	1,295,940
<i>To be financed by:</i>				
Precept	878,750	1,068,600	1,122,030	1,178,130
Surplus / (Deficit) for Year	(133,580)	(7,925)	(59,555)	(117,810)
General Fund Balance B f'd	873,555	739,975	732,050	672,495
Surplus / (Deficit) for Year	(133,580)	(7,925)	(59,555)	(117,810)
<b>General Fund Balance C f'd</b>	<b>739,975</b>	<b>732,050</b>	<b>672,495</b>	<b>554,685</b>

Earmarked Reserves	Forecast 31/03/2025	Forecast 31/03/2026	Forecast 31/03/2027	Forecast 31/03/2028
Beach Huts Reserve	95,000	105,000	10,000	20,000
Environmental Projects	67,000	92,000	107,000	132,000
Community Infrastructure Levy	348,780	243,780	0	0
De Moulham Back Roads	27,180	29,180	31,180	33,180
Insurance & Contingency Reserve	0	0	0	0
Treasury Risk Management Reserve	187,800	187,800	0	0
Car Park Machines	4,815	9,815	14,815	19,815
Play Equipment-General Areas	41,405	51,405	10,000	20,000
Vehicle & Plant Replacement	40,000	40,000	0	15,000
Football Club Facilities	0	0	0	0
Tennis Courts Refurbishment	30,050	22,720	30,390	38,060
King Georges Play Area & Skate Park	72,095	42,095	47,095	52,095
Public Conveniences	145,000	160,000	0	15,000
IT Equipment Reserves	22,665	665	5,665	10,665
Green Seafront Enhancement Scheme	1,456,010	956,010	0	0
Community Sea Defence Project	450,000	450,000	0	0
Committed expenditure deferred	0	0	0	0
King George's Field Management Account	13,080	13,080	13,080	13,080
Bandstand	16,390	16,390	16,390	16,390
Asset Management Plan Reserve	0	65,000	130,000	195,000
Boat Park/Fishers Huts Reserve	10,000	20,000	30,000	40,000
<b>Reserves C f'd</b>	<b>3,027,270</b>	<b>2,504,940</b>	<b>445,615</b>	<b>620,285</b>

## Usable Capital Receipts Reserve

UCRR Balance B f'd	2,118,145	1,901,730	1,706,230	0
Capital expenditure	(216,415)	(195,500)	(1,706,230)	0
Capital Receipts	0	0	0	0
<b>UCRR Balance C f'd</b>	<b>1,901,730</b>	<b>1,706,230</b>	<b>0</b>	<b>0</b>

## Total Reserves

The General Fund	739,975	732,050	672,495	554,685
Earmarked Reserves	3,027,270	2,504,940	445,615	620,285
Useable Capital Receipts Reserve	1,901,730	1,706,230	0	0
<b>Total of Reserves held by the Council</b>	<b>5,668,975</b>	<b>4,943,220</b>	<b>1,118,110</b>	<b>1,174,970</b>

### Schedule of Proposed Capital Projects 2025/26 -2027/28

Project Ref:	Project	Committee	2024/25 Budget	2024/25 Forecast Outturn	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
			£	£	£	£	£
1	<b>Play Areas/Skate Park</b> King Georges Skate Park	Community Services	15,000	0	20,000		
2	<b>Station Approach</b> Infrastructure Improvements	Community Services	120,000	154,000			
3	<b>Downs</b> Peveril Point Stabilisation Scheme	Community Services	150,000	0	200,000		
4	<b>Depot</b> External Shelter	Community Services	15,750	14,415			
5	<b>Green Seafront Stabilisation &amp; Enhancement Scheme</b> Stabilisation & Regeneration	Tourism & Local Economy	120,000	0	500,000	4,000,000	
6	<b>Environmental</b> Solar Panels	Environment & Green Spaces	128,000	43,110			
7	<b>Capital Grants</b> Day's Park Community Sports facility	Community Services	70,000	17,500	100,500	80,000	
8	<b>Vehicles</b> Electric Flatbed Truck	Community Services	50,000	42,945	0	50,000	
9	<b>Car Parks</b>						
a	EVCP Installation (for info only)	Tourism & Local Economy	0	0	0		
b	Pay & Display Machine Replacement	Tourism & Local Economy	44,000	39,435	5,000		
10	<b>Beach Gardens</b> Installation of Astroturf-Courts 4 & 5	Community Services	15,000	0	15,000		
11	<b>IT-All departments</b> Desktop	Finance & Governance			22,000		
12	<b>Public Conveniences</b>						
a	Installation of Composter PC at Godlingston Cemetery	Community Services			13,000		
b	Burlington Chine - Pump	Community Services				10,000	
13	<b>Capital grants</b> Greengage Community Garden	Community Services			10,000		
14	<b>Seafront Coastal Defence Projects</b> Seafront Coastal Defence Works	Tourism & Local Economy				450,000	
15	<b>Central Services</b> Annexe heating system	Community Services				10,000	
16	<b>Play Areas/Skate Park</b> Days Park Play Area and Gym	Community Services				60,000	
17	<b>Parks &amp; Operations</b> Festive Lights	Tourism & Local Economy					18,000
18	<b>Roads</b> Flagpoles	Tourism & Local Economy					10,000
	<b>Total Capital Expenditure</b>		<b>727,750</b>	<b>311,405</b>	<b>885,500</b>	<b>4,660,000</b>	<b>28,000</b>

## Appendix E

RISK	Analysis of Risk	2025/26 Budget	Potential Impact	Quantitative Assessment of Risk
		£	%	£
Small size of the authority (in comparison to principal councils) necessitates a minimum balance of 3% of gross expenditure	Balance required to withstand budgetary problems due to relatively low asset and resource base.	3,687,790	3	110,635
Employee costs are greater than budgeted	Statutory payments increase above the level allowed for in the estimates.	1,451,350	3	43,540
Contractual inflation is greater than budgeted	A general increase of c.4% has been assumed on expenditure, however, costs may increase above budgeted inflation.	1,350,940	4	54,040
Treasury management income is not achieved	That the actual interest rate that is achievable is below the rate predicted at budget setting. An overall return of 4% has been estimated, if this return is only 3% overall the risk will be 25% of the estimated budget.	240,000	25	60,000
Car park revenue is below forecast	That a decrease in revenue is realised from estimate. Due to the variable nature of car parking revenue the risk of actual revenue not meeting budget are high.	768,000	15	115,200
Rental income is not received	With the current volatile economic climate some lessees may not be able to meet their rental payments	294,550	20	58,910
Seasonal income is lower than budgeted	That a decrease in revenue is realised from estimate.	302,300	20	60,460
Inadequate Insurance Cover	That events occur resulting in losses that are not covered by insurance. 1% of asset book value	9,407,882	1	94,080
<b>Total</b>				<b>596,865</b>

## Precept – 3.5% Increase Band D



Town & Parish Councils  
Taxbase & Precept Toolkit 2025/26

## 1) Select Town or Parish Council

Swanage

## Taxbase Information

Band D Equivalentents

2024/25 4,960.7 2025/26 5,745.1

Increase/(Decrease) Year on Year 784.4

% Increase/(Decrease) 15.81%

## Precept Modelling

Actual Precept 24/25 &amp; Proposed Precept 25/26

## 2) Enter Target Precept

2024/25 £ 878,750.00 2025/26 £ 1,053,320.00

Increase/(Decrease) Year on Year £ 174,570.00

% Increase/(Decrease) 19.87%

## Band D Equivalent Charge

Precept Divided By Taxbase

2024/25 £ 177.14 2025/26 £ 183.34

Increase/(Decrease) Year on Year £ 6.20

% Increase/(Decrease) 3.50%

	Actual 2024/25	Estimate 2025/26	Estimate 2026/27	Estimate 2027/28
Precept	878,750	1,053,320	1,090,190	1,128,340
% Increase/Decrease	3.50%	19.87%	3.50%	3.50%
Increase £	29,720	174,570	36,870	38,150
Tax Base	4,960.7	5,745.1	5,745.1	5,745.1
% Increase/Decrease	0.50%	15.81%	0.00%	0.00%
Band D Charge	£177.14	£183.34	£189.76	£196.40
% Increase	2.98%	3.50%	3.50%	3.50%
Actual Annual Increase	£5.13	£6.20	£6.42	£6.64

Precept on a Band "D" Property

Previous Year's Band "D" Amount £177.14

Tax Base **5745.1**

Total Precept	Precept on a Band D Property £	% Increase on Band D	% Increase in Precept	Increase in Precept £
£ 878,750	£152.96	-13.65%	0.00%	£ -
£ 900,000	£156.66	-11.56%	2.42%	£ 21,250
£ 920,000	£160.14	-9.60%	4.69%	£ 41,250
£ 940,000	£163.62	-7.63%	6.97%	£ 61,250
£ 960,000	£167.10	-5.67%	9.25%	£ 81,250
£ 980,000	£170.58	-3.70%	11.52%	£ 101,250
£ 1,000,000	£174.06	-1.74%	13.80%	£ 121,250
£ 1,017,700	£177.14	0.00%	15.81%	£ 138,950
£ 1,040,000	£181.02	2.19%	18.35%	£ 161,250
£ 1,053,320	£183.34	3.50%	19.87%	£ 174,570
£ 1,068,600	£186.00	5.00%	21.60%	£ 189,850
£ 1,083,600	£188.61	6.48%	23.31%	£ 204,850
£ 1,095,900	£190.75	7.69%	24.71%	£ 217,150
£ 1,110,900	£193.36	9.16%	26.42%	£ 232,150
£ 1,125,900	£195.98	10.63%	28.13%	£ 247,150
£ 1,140,900	£198.59	12.11%	29.83%	£ 262,150
£ 1,155,900	£201.20	13.58%	31.54%	£ 277,150
£ 1,170,900	£203.81	15.06%	33.25%	£ 292,150

**Swanage Town Council – Council Tax charge by band**

	Actual 2024/25	Estimate 2025/26	Increase per annum	Increase per week
<b>Precept</b>	£878,750	£1,053,320		
<b>Band</b>				
<b>A</b>	£118.09	£122.23	£4.13	£0.08
<b>B</b>	£137.78	£142.60	£4.82	£0.09
<b>C</b>	£157.46	£162.97	£5.51	£0.11
<b>D</b>	£177.14	£183.34	£6.20	£0.12
<b>E</b>	£216.50	£224.09	£7.58	£0.15
<b>F</b>	£255.87	£264.83	£8.96	£0.17
<b>G</b>	£295.23	£305.57	£10.34	£0.20
<b>H</b>	£354.28	£366.68	£12.40	£0.24

## Precept – 5% increase Band D



Town & Parish Councils  
Taxbase & Precept Toolkit 2025/26

## 1) Select Town or Parish Council

Swanage

## Taxbase Information

Band D Equivalentents

2024/25 4,960.7 2025/26 5,745.1

Increase/(Decrease) Year on Year 784.4

% Increase/(Decrease) 15.81%

## Precept Modelling

Actual Precept 24/25 &amp; Proposed Precept 25/26

## 2) Enter Target Precept

2024/25 £ 878,750.00 2025/26 £ 1,068,600.00

Increase/(Decrease) Year on Year £ 189,850.00

% Increase/(Decrease) 21.60%

## Band D Equivalent Charge

Precept Divided By Taxbase

2024/25 £ 177.14 2025/26 £ 186.00

Increase/(Decrease) Year on Year £ 8.86

% Increase/(Decrease) 5.00%

	Actual 2024/25	Estimate 2025/26	Estimate 2026/27	Estimate 2027/28
Precept	878,750	1,068,600	1,122,030	1,178,130
% Increase/Decrease	3.50%	21.60%	5.00%	5.00%
Increase £	29,720	189,850	53,430	56,100
Tax Base	4,960.7	5,745.1	5,745.1	5,745.1
% Increase/Decrease	0.50%	15.81%	0.00%	0.00%
Band D Charge	£177.14	£186.00	£195.30	£205.07
% Increase	2.98%	5.00%	5.00%	5.00%
Actual Annual Increase	£5.13	£8.86	£9.30	£9.77

Precept on a Band "D" Property

Previous Year's Band "D" Amount £177.14

Tax Base **5745.1**

Total Precept	Precept on a Band D Property £	% Increase on Band D	% Increase in Precept	Increase in Precept £
£ 878,750	£152.96	-13.65%	0.00%	£ -
£ 900,000	£156.66	-11.56%	2.42%	£ 21,250
£ 920,000	£160.14	-9.60%	4.69%	£ 41,250
£ 940,000	£163.62	-7.63%	6.97%	£ 61,250
£ 960,000	£167.10	-5.67%	9.25%	£ 81,250
£ 980,000	£170.58	-3.70%	11.52%	£ 101,250
£ 1,000,000	£174.06	-1.74%	13.80%	£ 121,250
£ 1,017,700	£177.14	0.00%	15.81%	£ 138,950
£ 1,040,000	£181.02	2.19%	18.35%	£ 161,250
£ 1,055,000	£183.63	3.67%	20.06%	£ 176,250
£ 1,068,600	£186.00	5.00%	21.60%	£ 189,850
£ 1,085,000	£188.86	6.61%	23.47%	£ 206,250
£ 1,100,000	£191.47	8.09%	25.18%	£ 221,250
£ 1,115,000	£194.08	9.56%	26.88%	£ 236,250
£ 1,130,000	£196.69	11.04%	28.59%	£ 251,250
£ 1,145,000	£199.30	12.51%	30.30%	£ 266,250
£ 1,160,000	£201.91	13.98%	32.01%	£ 281,250
£ 1,175,000	£204.52	15.46%	33.71%	£ 296,250
£ 1,190,000	£207.13	16.93%	35.42%	£ 311,250

**Swanage Town Council – Council Tax charge by band**

	Actual 2024/25	Estimate 2025/26	Increase per annum	Increase per week
<b>Precept</b>	£878,750	£1,068,600		
<b>Band</b>				
<b>A</b>	£118.09	£124.00	£5.91	£0.11
<b>B</b>	£137.78	£144.67	£6.89	£0.13
<b>C</b>	£157.46	£165.34	£7.88	£0.15
<b>D</b>	£177.14	£186.00	£8.86	£0.17
<b>E</b>	£216.50	£227.34	£10.83	£0.21
<b>F</b>	£255.87	£268.67	£12.80	£0.25
<b>G</b>	£295.23	£310.00	£14.77	£0.28
<b>H</b>	£354.28	£372.00	£17.72	£0.34



## Dorset County-Parish Precept Comparable 2024/25

Town/Parish	Precept 2024/25	Band D 2024/25
Sturminster Newton	418,686	263.67
Sherborne	1,007,104	250.62
Blandford Forum	880,115	246.45
Gillingham	1,055,557	243.68
Wareham Town	510,270	231.41
Dorchester	1,726,115	210.33
Beaminster	270,967	198.64
Bridport	1,032,114	189.21
Weymouth	3,390,870	181.70
<b>Swanage</b>	<b>878,750</b>	<b>177.14</b>
Shaftesbury	590,965	175.74
Wimborne Minster	584,593	150.30
Portland	575,509	148.56
Lytchett Minster & Upton	428,227	144.09
Corfe Mullen	551,125	138.64
Stalbridge	148,000	135.83
Ferndown	899,892	118.76
Lyme Regis	132,779	64.32
Verwood	398,715	63.17
West Moors	183,444	59.43

## Draft Scale of Fees &amp; Charges - 2025/26

	Date of Last Increase/ (Decrease)	Agreed Fees 2024/25 £/p	Proposed Fees 2025/26 £/p	Proposed Increase on Gross %
<b>Tourism &amp; Local Economy Committee</b>				
<b>1. BOAT PARK &amp; CAR PARKS</b>				
<b>Peveril Boat Park Per Grid (Trailer Included)</b>				
<b>Boats and trailers</b>				
<b>G Row</b>				
Summer - 1 May - 31 October	1/5/23	361.00	375.00	3.88
Weekly	1/5/23	115.00	119.00	3.48
Autumn/Winter - 1 September - 30 April	1/5/23	271.00	282.00	4.06
Winter - 1 November - 30 April	1/5/23	151.00	157.00	3.97
Annual 1st May -30 April	1/5/23	502.00	522.00	3.98
<b>C Row</b>				
Summer - 1 May - 31 October	1/5/23	590.00	614.00	4.07
Weekly	1/5/23	165.00	172.00	4.24
Autumn/Winter - 1 September - 30 April	1/5/23	432.00	449.00	3.94
Winter - 1 November - 30 April	1/5/23	236.00	245.00	3.81
Annual 1st May -30 April	1/5/23	840.00	873.00	3.93
Summer 1 May - 31 October	1/5/23	740.00	769.00	3.92
<b>A, D and F Row</b>				
Summer - 1 May - 31 October	1/5/23	668.00	695.00	4.04
Weekly	1/5/23	170.00	177.00	4.12
Autumn/Winter - 1 September - 30 April	1/5/23	497.00	517.00	4.02
Winter - 1 November - 30 April	1/5/23	274.00	285.00	4.01
Annual 1st May -30 April	1/5/23	950.00	988.00	4.00
Summer 1 May - 31 October	1/5/23	850.00	884.00	4.00
<b>B Row</b>				
Summer - 1 May - 31 October	1/5/23	965.00	1,004.00	4.04
Weekly	1/5/23	203.00	211.00	3.94
Autumn/Winter - 1 September - 30 April	1/5/23	757.00	787.00	3.96
Winter - 1 November - 30 April	1/5/23	435.00	452.00	3.91
Annual 1st May -30 April	1/5/23	1,400.00	1,456.00	4.00
Summer 1 May - 31 October	1/5/23	1,300.00	1,352.00	4.00
<b>Kayak Rack Charge (not inc trailer)</b>				
Summer - 1 May - 31 October	1/5/24	77.00	80.00	3.90
Weekly	1/5/24	31.00	32.00	3.23
Winter - 1 November - 30 April	1/5/24	31.00	32.00	3.23
Annual 1st May -30 April	1/5/24	110.00	114.00	3.64
<b>Daily Launch Fees - Throughout the year</b>				
Boat with trailer over 6.0m	1/5/23	30.00	35.00	16.67
Boat with trailer under 6.0m	(1/4/19)	25.00	27.50	10.00
Jet Skis	(1/4/19)	25.00	27.50	10.00
Residents Permit Holders/Emergency Services and RNLI crew discount	(1/4/19)	20.00	20.00	0.00
Small Dinghy (up to 12ft)	(1/4/22)	15.00	15.00	0.00
<b>Daily Launch Fees (Boat only - removal of Trailer)</b>				
Boats	(1/4/19)	20.00	25.00	25.00
Jet Skis	(1/4/19)	20.00	25.00	25.00
Residents Permit Holders discount	(1/4/19)	15.00	20.00	33.33
Small Dinghy (up to 12ft)	1/5/22	10.00	12.00	20.00
Kayaks	1/4/19	5.00	6.00	20.00
<b>Slipway Launch Annual Ticket</b>	1/5/24	285.00	265.00	-7.02
	1/5/24			
<b>Trailer Only-per day - Under 6.0m</b>	1/5/24	10.00	11.00	10.00
<b>Trailer Only-per day - Over 6.0m</b>	1/5/24	15.00	16.00	6.67
<b>Winter Pontoon Storage 22ft</b>	1/5/24	180.00	187.00	3.89
<b>Fisherman's Hut Tenant Discount On All Boat Park Costs</b>	1/5/24	10%	10%	0.00
<b>Boat park ad-board</b>	NEW	NEW	50.00	NEW

**Broad Road****Motorhomes permitted 8am to 10 p.m only**

<b>1 April to 30 June and 1 September to 31 October (inclusive).</b>		<b>Remove off-peak period</b>		
Up to 1 hour	1/4/24	1.70	2.10	23.53
Up to 2 hours	1/4/24	3.40	3.80	11.76
Up to 4 hours	1/4/24	5.60	7.10	26.79
Up to 6 hours	1/4/24	7.30	8.00	9.59
*Up to 13 hours	1/4/24	10.00	10.00	0.00
#3 day permit	1/4/24	25.00	25.00	0.00
#7 day permit	1/4/24	50.00	50.00	0.00
<b>Overnight 9 p.m. to 8 a.m.</b>	1/4/24	no charge	no charge	NEW
<b>Vehicles &gt;4.8m</b>				
Up to 1 hour	1/4/24	2.20	2.70	22.73
Up to 2 hours	1/4/24	4.40	4.80	9.09
Up to 4 hours	1/4/24	7.00	9.00	28.57
Up to 6 hours	1/4/24	9.20	10.20	10.87
Up to 13 hours	1/4/24	12.60	12.60	0.00
\$ 3 day permit	1/4/24	32.00	32.00	0.00
\$ 7 day permit	1/4/24	64.00	64.00	0.00
<b>Overnight 9 p.m. to 8 a.m.</b>	1/4/24	no charge	remove	no charge

**OFF-PEAK PERIOD REMOVED (was 1 July to 31 August)****1 April to 31 October (inclusive).****NEW****Vehicles <4.8m**

Up to 1 hour	1/4/24	2.10	2.10	0.00
Up to 2 hours	1/4/24	3.80	3.80	0.00
Up to 4 hours	1/4/24	7.10	7.10	0.00
Up to 6 hours	1/4/24	8.00	8.00	0.00
*Up to 13 hours	1/4/24	10.00	10.00	0.00
#3 day permit	1/4/24	25.00	25.00	0.00
#7 day permit	1/4/24	50.00	50.00	0.00
<b>Overnight 9 p.m. to 8 a.m.</b>	1/4/24	no charge	no charge	no charge

**Vehicles >4.8m**

Up to 1 hour	1/4/24	2.70	2.70	0.00
Up to 2 hours	1/4/24	4.80	4.80	0.00
Up to 4 hours	1/4/24	9.00	9.00	0.00
Up to 6 hours	1/4/24	10.20	10.20	0.00
Up to 13 hours	1/4/24	12.60	12.60	0.00
\$ 3 day permit	1/4/24	32.00	32.00	0.00
\$ 7 day permit	1/4/24	64.00	64.00	0.00
<b>Overnight 9 p.m. to 8 a.m.</b>	1/4/24	no charge	no charge	no charge

**1 November - 31 March (inclusive)****All vehicles**

8 a.m. to 9 p.m. (up to 13 hours)	1/4/24	2.00	2.00	0.00
Overnight 9 p.m. to 8 a.m.	1/4/24	no charge	no charge	no charge

**Main Beach (Victoria Avenue)****Motorhomes permitted 8am to 10 p.m only**

<b>1 April to 30 June and 1 September to 31 October (inclusive).</b>		<b>Remove off-peak period</b>		
<b>Vehicles &lt;4.8m</b>				
Up to 1 hour	1/4/24	1.70	2.10	23.53
Up to 2 hours	1/4/24	3.40	3.80	11.76
Up to 4 hours	1/4/24	5.60	7.10	26.79
Up to 6 hours	1/4/24	7.30	8.00	9.59
*Up to 13 hours	1/4/24	10.00	10.00	0.00
#3 day permit	1/4/24	25.00	25.00	0.00
#7 day permit	1/4/24	50.00	50.00	0.00
<b>Vehicles &gt;4.8m</b>				
Up to 1 hour	1/4/24	2.20	2.70	22.73
Up to 2 hours	1/4/24	4.40	4.80	9.09
Up to 4 hours	1/4/24	7.00	9.00	28.57
Up to 6 hours	1/4/24	9.20	10.20	10.87
Up to 13 hours	1/4/24	12.60	12.60	0.00
\$ 3 day permit	1/4/24	32.00	32.00	0.00
\$ 7 day permit	1/4/24	64.00	64.00	0.00
<b>All vehicles - Overnight 9 p.m. to 8 a.m.</b>	1/4/24	no charge	no charge	NEW

**OFF-PEAK PERIOD REMOVED (was 1 July to 31 August)****1 April to 31 October (inclusive).****NEW****Vehicles <4.8m**

Up to 1 hour	1/4/24	2.10	2.10	0.00
Up to 2 hours	1/4/24	3.80	3.80	0.00
Up to 4 hours	1/4/24	7.10	7.10	0.00
Up to 6 hours	1/4/24	8.00	8.00	0.00
*Up to 13 hours	1/4/24	10.00	10.00	0.00
#3 day permit	1/4/24	25.00	25.00	0.00
#7 day permit	1/4/24	50.00	50.00	0.00
Overnight 9 p.m. to 8 a.m.	1/4/24	no charge	no charge	no charge

**Vehicles >4.8m**

Up to 1 hour	1/4/24	2.70	2.70	0.00
Up to 2 hours	1/4/24	4.80	4.80	0.00
Up to 4 hours	1/4/24	9.00	9.00	0.00
Up to 6 hours	1/4/24	10.20	10.20	0.00
Up to 13 hours	1/4/24	12.60	12.60	0.00
\$ 3 day permit	1/4/24	32.00	32.00	0.00
\$ 7 day permit	1/4/24	64.00	64.00	0.00
Overnight 9 p.m. to 8 a.m.	1/4/24	no charge	no charge	no charge

**1 November - 31 March (inclusive)****All vehicles**

8 a.m. to 9 p.m. (up to 13 hours)	1/4/24	2.00	2.00	0.00
Overnight 9 p.m. to 8 a.m.	1/4/24	no charge	no charge	no charge

**King George's Field (Overflow Car Park)****OFF-PEAK PERIOD REMOVED (was 1 July to 31 August)****1 April to 31 October (inclusive).****NEW****Vehicles <4.8m**

Up to 1 hour	1/4/24	2.10	2.10	0.00
Up to 2 hours	1/4/24	3.80	3.80	0.00
Up to 4 hours	1/4/24	7.10	7.10	0.00
Up to 6 hours	1/4/24	8.00	8.00	0.00
*Up to 13 hours	1/4/24	10.00	10.00	0.00

**North Beach (De Moulham Road) incl. Journey's End Overflow Car Parking****Motorhomes permitted 8am to 10 p.m only****1st April to 31st October (inclusive).****Vehicles <4.8m**

Up to 1 hour	1/4/24	1.70	1.70	0.00
Up to 2 hours	1/4/24	2.80	2.80	0.00
Up to 4 hours	1/4/24	4.80	4.80	0.00
Up to 6 hours	1/4/24	5.60	5.60	0.00
Up to 13 hours	1/4/24	8.50	8.50	0.00
#3 day permit	1/4/24	25.00	25.00	0.00
#7 day permit	1/4/24	50.00	50.00	0.00

**Vehicles >4.8m**

Up to 1 hour	1/4/24	2.20	2.20	0.00
Up to 2 hours	1/4/24	3.50	3.50	0.00
Up to 4 hours	1/4/24	6.00	6.00	0.00
Up to 6 hours	1/4/24	7.00	7.00	0.00
Up to 13 hours	1/4/24	10.70	10.70	0.00
\$ 3 day permit	1/4/24	32.00	32.00	0.00
\$ 7 day permit	1/4/24	64.00	64.00	0.00
<b>Overnight 9 p.m. to 8 a.m.</b>	1/4/24	no charge	no charge	no charge

**1 November - 31 March (inclusive)**

All vehicles 8 a.m. to 9 p.m. (up to 13 hours)	1/4/24	2.00	2.00	0.00
<b>All vehicles - Overnight 9 p.m. to 8 a.m.</b>	1/4/24	no charge	no charge	no charge

**Free parking in North Beach when attending NHS mobile units**

\* This ticket is transferable between Main Beach and Broad Road long stay car parks only.

#The 3 day &amp; weekly smaller vehicle permit is transferable between all long stay car parks and is available on JustPark only

\$ The 3 day &amp; weekly larger vehicle permit is transferable between Main &amp; North Beach car parks and is available on JustPark

**Recreation Ground (Mermond Place) and Co operative (Central)**

(Maximum of 2 hours between 8 a.m. &amp; 7 p.m)

Cars 1 hour - Summer (1st April to 31st October)	1/4/08	1.20	1.20	0.00
Cars 2 hours - Summer (1st April to 31st October)	1/4/24	2.40	2.40	0.00
Cars Hourly - Winter (1st November to 31st March)	1/4/11	0.60	0.60	0.00
Overnight parking 7 p.m. to 8 a.m.	1/4/07	no charge	no charge	0.00

**Recreation Ground (Residents)**

(Maximum of 2 hours between 10 a.m. &amp; 7 p.m)

Cars 1 hour - Summer (1st April to 31st October)	1/4/08	0.60	0.60	0.00
Cars 2 hours - Summer (1st April to 31st October)	1/4/11	1.20	1.20	0.00
Cars Hourly - Winter (1st November to 31st March)	1/4/05	no charge	no charge	0.00
Overnight parking 7 p.m. to 10 a.m.	1/4/00	no charge	no charge	0.00

**Residents Parking Permits (per permit-not an annual fee)**

1/4/23

6.00

6.00

0.00

Permit holders are entitled to park in the Residents Car Park, Horsecliffe Lane subject to the restrictions and charges as set out above. Additional entitlement to parking in Swanage Town Council Operated Car Parks is as follows:

Summer Period

Mermond/Co-op Car Park -free parking between 08:00 and 10:00

Main Beach Car Park -free parking between 08:00 and 10:00 on a Market Day

Winter Period

Broad Road and Main Beach Car Parks-free parking max. 24 hr stay

Co-op and Mermond Car Park-free overnight parking 19:00 to 10:00

**Annual Private & Business (Main Beach or North Beach)**

1/4/24

350.00

365.00

4.29

**Summer Season Ticket (1 April-31 October)**

1/4/24

262.50

273.75

4.29

start date extended to 1st April (agreed Roads and Transport Committee 24/11/2021 minute 7) 3/4 of annual ticket

**Residents Car Park - Annual Business Permit (STC tenants only)**

1/4/24

350.00

365.00

4.29

**Summer Season Ticket (1 April-31 October)**

1/4/24

262.50

273.75

4.29

Agreed Minute 51 (a) June 24th 2024

**North Beach Annual Multi Use Permit**

1/4/24

400.00

420.00

5.00

**Summer Season Ticket (1 April-31 October)**

NEW

NEW

315.00

NEW

**Annual Taxis (per permit)**

1/4/24

756.00

780.00

3.17

Charges will apply throughout the year.

**Excess Charge Penalty**

1/4/04

60.00

60.00

0.00

\* Reduced for payment within 10 days.

1/4/04

30.00

30.00

0.00

**Peveril Point Residents Tickets**

1/4/07

25.00

25.00

0.00

max of 4 per household

**Dorset Restricted Mobility Permit Holders**

New

New

Free up to 3 hours

## 2. TOURIST INFORMATION CENTRE

Advertising Board 3ft x 4ft (Annual)	1/4/24	525.00	546.00	4.00
Advertising Board 3ft x 4ft (Summer: April - September)	1/4/24	395.00	411.00	4.05
Advertising Board 3ft x 4ft (Winter: October - March )	1/4/24	155.00	161.00	3.87
Advertising Board 3ft x 4ft (Christmas: October - December)	1/4/24	105.00	109.00	3.81
Advertising Board 3ft x 4ft (Monthly Summer)	1/4/24	75.00	78.00	4.00
Advertising Board 3ft x 4ft (Monthly Winter)	1/4/24	30.00	31.00	3.33
National Express Administration Fee (excluding Coach Card requests)	1/4/24	3.00	3.00	0.00
Commission on Gross Agency Ticket Sales (unless by contractual agreement)				
- General	1/4/16	10%	10%	0.00
- Local Charities	1/4/16	5%	5%	0.00
- Discretionary Rate For Local Charities/Community Groups		0%	0%	0.00
Parasol hire (per day)	1/4/24	4.50	5.00	11.11
Parasol hire (per week)	1/4/24	23.00	25.00	8.70
Parasol hire (max charge per beach hut period booking)	1/4/24	60.00	75.00	25.00
Additional beach hut chair (per day)	1/4/24	2.00	2.00	0.00
Additional beach hut chair (per week)	1/4/24	10.00	10.00	0.00
Additional beach hut chair (max charge per beach hut period booking)	1/4/24	30.00	30.00	0.00
Deposit - Additional beach hut key	1/4/24	30.00	30.00	0.00
Replacement beach hut key	1/4/24	50.00	55.00	10.00
		One days hire	One days hire	
		or £20.00	or £20.00	
		whichever is	whichever is	
		the greater	the greater	0.00
Late Return of Key for Beach Hut	1/4/24	100.00	105.00	5.00
Faulty Electrical Equipment Charge	1/4/24		£5.00 plus	
			postage fee	
Admin charge for lost property postage returns				

## 3. PEVERIL POINT

Foreshore - Dinghy Storage (Angling Club)	1/4/15	tbc	tbc	
Dug-Out Storage Area, Rear of Waterside (per week)	1/4/24	13.10	13.50	3.05
Rent of Hut Site (East of Lifeboat House)	1/4/15	tbc	tbc	
Fishermen's Huts	1/4/24	500.00	520.00	4.00
Prince Albert Gardens - charge to be considered upon application to the Council				

## 4. STONE QUAY & MONKEY BEACH

Pleasure Boats (Private) - not exceeding 12 passengers	1/4/24	265.00	275.00	3.77
Hut on Quay	1/4/24	170.00	175.00	2.94

## 5. MARKET

Stall Size	4 April to 23 May (8)	30 May to 29 Aug	7 Nov to 27 Mar
	5 Sep to 31 Oct (9)	(14)	(closed 26 Dec) (20)
	Mid season	Peak Season	Low Season
<2m	£15.00	£22.00	£10.00
<4m	£25.00	£32.00	£15.00
<7m	£35.00	£42.00	£20.00
<12m	£45.00	£52.00	£25.00
>12m*	£100.00	£130.00	£50.00
Payment in advance	Equivalent to one week's fee – see information below		

Discount if paid in advance for full season (51 weeks): 25%

Stall Size	2025-26 Annual Fee
	5 April 2024 to 28 March 2025
<2m	£568.50
<4m	£872.25
<7m	£1,176.00
<12m	£1,479.75
>12m*	£3,352.50

\* Subject to agreement with the Town Council

Electricity charged at £6.30 a day

Discount for BH19 based traders - 25%

Introductory period discount - 25% first 3 continuous weeks only

### Payment in advance

With the exception of those paying annual fees, all traders must pay one week's fee in advance at the beginning, or during, the summer and winter periods. If a trader is unable to attend a week, the payment will be retained by the Town Council.

Unused payments can be used for the following weeks, 31<sup>st</sup> October 2025 and 27<sup>th</sup> March 2026.

**6. BEACH BUNGALOWS**

**SCALE OF FEES: SHORE ROAD - 2025/26 SEASON**

**Agreed: Minute 64, Monthly Council Meeting held 22 July 2024**

Sat 29 March - Fri 25 April	Shortened period				
Lower Level Huts	Daily	30/3/24	16.50	12.00	-27.27
	Weekly	30/3/24	66.00	50.00	-24.24
	Whole period	30/3/24	336.60	Remove	Remove
Upper Level Huts	Daily	30/3/24	11.00	8.40	-23.64
	Weekly	30/3/24	44.00	35.00	-20.45
	Whole period	30/3/24	224.40	Remove	Remove
Sat 26 April - Fri 11 July	extended period				
Lower Level Huts	Daily	30/3/24	22.00	25.00	13.64
	Weekly	30/3/24	116.00	125.00	7.76
	Whole period	30/3/24	925.10	Remove	Remove
Upper Level Huts	Daily	30/3/24	16.50	17.50	6.06
	Weekly	30/3/24	77.00	87.50	13.64
	Whole period	30/3/24	588.50	Remove	Remove
Sat 12 July - Fri 29 August					
Lower Level Huts	Daily	30/3/24	35.00	40.00	14.29
	Weekly	30/3/24	242.00	260.00	7.44
Upper Level Huts	Daily	30/3/24	24.00	28.00	16.67
	Weekly	30/3/24	165.00	182.00	10.30
Sat 30 August - Fri 26 September	extended period				
Lower Level Huts	Daily	30/3/24	22.00	25.00	13.64
	Weekly	30/3/24	116.00	125.00	7.76
Upper Level Huts	Daily	30/3/24	16.50	17.50	6.06
	Weekly	30/3/24	77.00	87.50	13.64
Sat 27 September - Fri 31 October	Split period				
Lower Level Huts	Daily	30/3/24	7.00	12.00	71.43
	Weekly	30/3/24	28.00	50.00	78.57
Upper Level Huts	Daily	30/3/24	7.00	8.40	20.00
	Weekly	30/3/24	28.00	35.00	25.00
Sat 1 November - Fri 27 March	Split period				
Lower Level Huts	Daily	30/3/24	7.00	10.00	42.86
	Weekly	30/3/24	28.00	35.00	25.00
Upper Level Huts	Daily	30/3/24	7.00	7.00	0.00
	Weekly	30/3/24	28.00	24.50	-12.50
<b>Winter whole period charges</b>					
Sat 1 November - Fri 27 March	- Lower Level	NEW	NEW period	551.00	26.55
	- Upper Level	NEW	NEW period	389.00	27.56
<b>Whole period charges</b>					
Sat 29 March - Fri 27 March	- Lower Level	30/3/24	3470.50	3660.00	5.46
	- Upper Level	30/3/24	2123.00	2562.00	20.68
<b>Premium Huts</b>					
Sat 29 March - Fri 25 April	Shortened period				
Lower Level Huts	Daily	30/3/24	27.00	20.00	-25.93
	Weekly	30/3/24	99.00	80.00	-19.19
	Whole period	30/3/24	504.90	Remove	Remove
Upper Level Huts	Daily	30/3/24	17.00	14.00	-17.65
	Weekly	30/3/24	66.00	56.00	-15.15
	Whole period	30/3/24	336.60	Remove	Remove

Sat 26 April - Fri 11 July	extended period				
Lower Level Huts	Daily	30/3/24	34.00	35.00	2.94
	Weekly	30/3/24	176.00	190.00	7.95
	Whole period	30/3/24	1346.40	Remove	Remove
Upper Level Huts	Daily	30/3/24	22.00	24.50	11.36
	Weekly	30/3/24	110.00	133.00	20.91
	Whole period	30/3/24	841.50	Remove	Remove
Sat 12 July - Fri 29 August					
Lower Level Huts	Daily	30/3/24	55.00	57.00	3.64
	Weekly	30/3/24	363.00	380.00	4.68
Upper Level Huts	Daily	30/3/24	35.00	39.90	14.00
	Weekly	30/3/24	237.00	266.00	12.24
Sat 30 August - Fri 26 September	extended period				
Lower Level Huts	Daily	30/3/24	34.00	35.00	2.94
	Weekly	30/3/24	176.00	190.00	7.95
Upper Level Huts	Daily	30/3/24	22.00	24.50	11.36
	Weekly	30/3/24	110.00	133.00	20.91
Sat 27 September - Fri 31 October	Split period				
Lower Level Huts	Daily	30/3/24	11.00	20.00	81.82
	Weekly	30/3/24	44.00	80.00	81.82
Upper Level Huts	Daily	30/3/24	9.00	14.00	55.56
	Weekly	30/3/24	42.00	56.00	33.33
Sat 1 November - Fri 27 March	Split period				
Lower Level Huts	Daily	30/3/24	11.00	12.00	9.09
	Weekly	30/3/24	44.00	50.00	13.64
Upper Level Huts	Daily	30/3/24	9.00	8.40	-6.67
	Weekly	30/3/24	42.00	35.00	-16.67
<b>Winter whole period charges</b>					
Sat 1 November - Fri 27 March	- Lower Level	NEW	NEW period	788.00	35.66
	- Upper Level	NEW	NEW period	551.00	19.89
<b>Whole period charges</b>					
Sat 29 March - Fri 27 March	- Lower Level	30/3/24	5,042.40	5,460.00	8.28
	- Upper Level	30/3/24	3,545.30	3,822.00	7.80
<b>Artisans on the Beach - 22 November - 14 December</b>					
Lower Level - Full Period		30/3/24	121.00	130.00	7.44
Upper Level - Full Period		30/3/24	60.50	65.00	7.44
Weekend Period		30/3/24	17.60	20.00	13.64
Premium Lower Level - Full Period		30/3/24	264.00	280.00	6.06
Premium Upper Level - Full Period		30/3/24	137.50	148.00	7.64



**SCALE OF FEES: SPA BUNGALOWS - 2025/26 SEASON**

Sat 29 March - Fri 25 April	Daily	30/3/24	8.00	10.00	25.00
	Weekly	30/3/24	33.00	30.00	-9.09
Sat 26 April - Fri 11 July	Daily	30/3/24	11.00	15.00	36.36
	Weekly	30/3/24	55.00	58.00	5.45
Sat 12 July - Fri 29 August	Daily	30/3/24	22.00	25.00	13.64
	Weekly	30/3/24	138.00	145.00	5.07
Sat 30 August - Fri 26 September	Daily	30/3/24	11.00	15.00	36.36
	Weekly	30/3/24	55.00	58.00	5.45
Sat 27 September - Fri 31 October	Daily	30/3/24	6.00	10.00	66.67
	Weekly	30/3/24	29.00	30.00	3.45
Spa Bungalows whole period (29/03/2025- 31/10/2025)		30/3/24	1,265.00	1,616.00	27.75

**SCALE OF FEES: SPA RETREATS - 2025/26 SEASON**

Sat 29 March - Fri 25 April	Daily	30/3/24	17.00	15.00	-11.76
	Weekly	30/3/24	88.00	70.00	-20.45
Sat 26 April - Fri 11 July	Daily	30/3/24	22.00	25.00	13.64
	Weekly	30/3/24	138.00	138.00	0.00
Sat 12 July - Fri 29 August	Daily	30/3/24	39.00	40.00	2.56
	Weekly	30/3/24	264.00	264.00	0.00
Sat 30 August - Fri 26 September	Daily	30/3/24	22.00	25.00	13.64
	Weekly	30/3/24	138.00	138.00	0.00
Sat 27 September - Fri 31 October	Daily	30/3/24	11.00	15.00	36.36
	Weekly	30/3/24	75.00	70.00	-6.67
Sat 1 November - Fri 27 March	Daily	30/3/24	11.00	12.00	9.09
	Weekly	30/3/24	75.00	60.00	-20.00
Spa Retreats whole period (29/03/2025- 31/10/2025)		NEW	New	3,411.00	-23.90
Spa Retreats whole period (29/03/2025- 27/03/2026)		30/3/24	3,575.00	4,356.00	21.85
STC staff use of a beach hut for one week outside peak period		30/3/19	0.00	0.00	0.00
Cancellation or change of booking charge		1/4/24	£30 or 20%, whichever is the greater	£30 or 20%, whichever is the greater	
<b>Private Sites licence fee</b>		1/4/24	495.00	tbc	tbc

**Authority has been delegated to the Visitor Services Manager to discount prices when**

## Community Services Committee

### 1. BEACH GARDENS

#### Tennis

Singles/Doubles Hourly (hourly per court)	1/4/24	10.50	11.00	4.76
With Club Member	1/4/24	6.50	6.80	4.62
Schools (per court)	1/4/24	5.80	6.00	3.45
Children (under 16 years)	1/4/24	4.20	4.40	4.76
Racket Hire	1/4/24	2.60	2.70	3.85
Tennis Ball Hire	1/4/18	1.00	1.00	0.00
Deposit for keys (Returnable) - Winter period only	1/4/24	10.00	10.00	0.00
Court Fees - Coaching				
-Adults (Non-members)	1/4/24	5.00	5.20	4.00
-Children (Non-members Under 16)	1/7/17	0.00	0.00	0.00

#### Putting

Per Round - Adults	1/4/24	4.80	5.00	4.17
Per Round - Children (under 16)	1/4/24	2.60	2.70	3.85
Family (2 Adults + 2 Children)	1/4/24	12.00	12.50	4.17
Under 5s	1/4/18	0.00	0.00	0.00
Adult x 1 Season Ticket	1/4/24	50.00	52.00	4.00
Adult x 2 Season Ticket	1/4/24	90.00	94.00	4.44
Family Season Ticket	1/4/24	110.00	115.00	4.55

#### Table Tennis bat and ball hire

	1/4/18	1.50	1.50	0.00
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#### Basketball Hire

	1/4/14	3.00	3.00	0.00
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#### Pavilion

(Charges include heating and lighting)

Per Session (1 section)	1/4/24	35.00	37.00	5.71
Morning, Afternoon or Evening (2 sections)	1/4/24	45.00	47.00	4.44

### 2. ALLOTMENTS

Prospect (per rod)	1/10/24	7.75	8.00	3.23
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### 3. TOWN HALL LETTINGS

#### Council Chamber

Public Meetings and Lectures (per session)	1/4/17	45.00	45.00	0.00
Property Auctions	1/4/24	190.00	200.00	5.26
Civil Marriage/Partnership Ceremonies	1/4/24	160.00	165.00	3.13

#### Committee Room

	1/4/18	30.00	30.00	0.00
* Community Groups (providing a service to Swanage residents) & Public Sector Organisations (agreed Minute 6) General Operations Committee 19th November 2014)		0.00	0.00	0.00

### 4. KING GEORGE V FIELD

Football Pitch & Changing Facilities	1/4/02	25.00	25.00	0.00
(Youth Teams)	(1/4/21)	0.00	0.00	

### 5. FORRES SPORTS FIELD

Football Pitch & Changing Facilities	1/4/02	25.00	25.00	0.00
(Youth Teams)	(1/4/21)	0.00	0.00	

### 6. JOURNEY'S END

Football Pitches	1/4/01	12.00	12.00	0.00
Youth Teams	(1/4/21)	0.00	0.00	

### 7. SPORTS LICENCES

	1/4/24	36.00	38.00	5.56
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## 8. GODLINGSTON CEMETERY

### Garden of Rest

Cremation Plot for burial of cremated remains in casket or urn.

(i) Exclusive Rights - for grant of right of burial for a period of one hundred years (each space in this section)	1/4/24	360.00	375.00	4.17
(ii) Interment Fees - for burial of casket or urn in plot 2' x 2':				
(a) first interment	1/4/24	195.00	205.00	5.13
(b) for each additional interment (to 4 interments)	1/4/24	195.00	205.00	5.13
(c) for additional multiple interments (2nd, 3rd or 4th interment)	1/4/24	63.00	65.00	3.17
Fee for multiple interments of cremated remains: one third of the full first interment fee if interment is made at the same time - as recommended by the General Operations Committee 01/04/15 - Agreed by Full Council Minute 177. 20/04/15				
(d) for interments on Saturdays, Sundays and Public Holidays	1/4/24	205.00	215.00	4.88
(iii) Memorials	1/4/24	210.00	220.00	4.76
(iv) Fee for persons not resident in the parish.		As above x 2	As above x 2	
(v) Transfer of Rights	1/4/24	63.00	65.00	3.17

### Earthen Graves

(i) Exclusive Rights - for the grant of right of burial for a period of one hundred years each space in:				
Section A	1/4/24	575.00	600.00	4.35
Section B	1/4/24	460.00	480.00	4.35
Children's Section	(1/4/18)	10.00	10.00	0.00
(ii) Interment Fees - for body of				
(a) a child, in the Children's section, in a grave not exceeding in depth: 7 feet (2 interment)	(1/4/18)	No Charge	No Charge	0.00
<b>to be effective from 1st January 2018</b>				
(b) a person in a grave not exceeding in depth: 7 feet (2 interments)	1/4/24	400.00	420.00	5.00
Casket-type coffin	1/4/24	580.00	600.00	3.45
(c) for interments on Saturdays Sundays and Public Holidays	1/4/24	440.00	460.00	4.55
(d) scattering of ashes beneath turf	1/4/24	110.00	115.00	4.55
(e) scattering of ashes on existing grave/ garden of remembrance	1/4/24	42.00	45.00	7.14

### Note

Where the bodies of a still-born and/or other person are buried in the same grave at the same time the fees shall be related to the first interment.

(iii) Fee for persons not resident in the parish.		As above x 2	As above x 2	0.00
(iv) Transfer of Rights	1/4/24	63.00	65.00	3.17

### Brick Graves or Vaults

(i) Right to construct (including grant of right of burial therein for a period of one hundred years) on each space:				
Section A	1/4/15	Price upon application		
Section B	1/4/15	Price upon application		
(ii) First Interment	1/4/24	1960.00	2050.00	4.59
(iii) Re-opening	1/4/24	1960.00	2050.00	4.59
(iv) For interment Saturdays Sundays and Public Holidays	1/4/24	950.00	1000.00	5.26
(v) Fee for persons not resident in the parish.		As above x 2	As above x 2	0.00

**Monuments, Gravestones & Inscriptions**

(i) Headstone, Cross or other Memorial when erected not exceeding 3ft, in height	1/4/24	210.00	220.00	4.76
(ii) Monument not exceeding 6' in height covering the whole grave space 7' x 3' when erected	1/4/24	625.00	650.00	4.00
(iii) Footstone not exceeding 2'6" x 2'6" x 6"	1/4/24	210.00	220.00	4.76
(iv) Kerb set	1/4/24	210.00	220.00	4.76
(v) Kerb set with infill	NEW	NEW	420.00	New
(vi) Flatstone not exceeding 7' x 3'x 6"	1/4/24	330.00	340.00	3.03
(vii) Vase not exceeding 12" in height	1/4/24	52.00	55.00	5.77
(viii) Any other memorial not referred to above	1/4/08	By Agreement	By Agreement	
(ix) Each additional inscription after the first in respect of each person	1/4/24	47.00	50.00	6.38
(x) Fee for persons not resident in the parish.		As above x 2	As above x 2	0.00

**GODLINGSTON MEADOWLAND BURIAL**

(i) Exclusive Rights - for the grant of right of burial for a period of one hundred years	1/4/24	460.00	480.00	4.35
(ii) Interment Fees - for body of				
(a) a person in a grave not exceeding in depth: 7 feet (2 interments)	1/4/24	420.00	440.00	4.76
Casket-type coffin	1/4/24	600.00	620.00	3.33
(b) for interments on Saturdays Sundays and Public Holidays	1/4/24	440.00	460.00	4.55
(iii) Interment Fees - for burial of casket or urn				
(a) first interment	1/4/24	215.00	220.00	2.33
(b) for interments on Saturdays, Sundays and Public Holidays	1/4/24	205.00	210.00	2.44
(c) scattering of ashes beneath turf of existing grave	1/4/24	110.00	115.00	4.55
(d) scattering of ashes on existing grave/ garden of remembrance	1/4/24	42.00	45.00	7.14
(iv) Fee for persons not resident in the parish.		As above x 2	As above x 2	
(v) Transfer of Rights	1/4/24	63.00	65.00	3.17
<b>Memorial Tree Plaque</b>	1/4/24	200.00	210.00	5.00

**Cemetery services will not be available for the period 24th December to the third working day after the New Year's Day public holiday**

<b>Hire of Cemetery Chapel - Godlingston interment</b>		No Charge	No Charge	
<b>Hire of Cemetery Chapel - External interment</b>	1/4/24	155.00	160.00	3.23
(agreed Minute 153, 14 March 2022)				

**9. Memorial Benches**

<b>Memorial Bench Plaque - Fitting Only</b>	1/4/24	15.00	20.00	33.33
Community Services Committee 14th June 2023 Minute 13.				

## Swanage Town Council



## RESERVES POLICY

### Contents

1. Introduction
2. General Reserve
3. Policy
4. Financial Risk Management
5. Earmarked Reserves
6. Statutory Reserves
7. Review of Adequacy of Reserves

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## **1. Introduction**

The Council is required, under statute, to maintain adequate financial reserves in order to meet the needs of the organisation. Section 49A of the Local Government Finance Act 1992, as amended, requires that local precepting authorities in England have regard to the level of reserves needed to meet estimated future expenditure when calculating the budget requirement. Consideration should also be given to the Joint Panel on Accountability & Governance (JPAG) Practitioners' Guide.

The Council's policy on the establishment, maintenance and adequacy of reserves and balances will be considered during the annual review of the Council's Medium Term Financial Plan (MTFP) and preparation of the annual budget.

The Council will hold reserves for these three main purposes:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing - this forms part of general reserves;
- a contingency to cushion the impact of unexpected events or emergencies - this also forms part of general reserves;
- a means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately but remain legally part of the General Fund.

An authority has no legal powers to hold reserves other than those for reasonable working capital needs, or for specifically earmarked purposes. The general reserve should not be significantly higher than the annual precept.

## **2. General Reserves – The General Fund Balance**

The General Fund Balance, commonly termed the "working balance", is a balance on the Council's revenue account which is not held for any specific purpose other than to cushion the Council's finances against any unexpected short-term problems in the council's cash flow.

- 3. Policy:** JPAG recommends that a General Reserve between three and twelve months of Net Revenue Expenditure is maintained, with larger authorities holding nearer to three months. However, an authority should adopt a General Reserve Policy to set a level appropriate to their size, situation and risks. They should plan their budget so as to ensure that the adopted level is maintained. Authorities with significant self-generated income (other than the precept or levy) should take into account situations that may lead to a loss in revenue as well as increased costs and adapt their general reserve accordingly. For this authority, a General Reserve is to be maintained at a level based upon a risk assessment carried out annually by the Responsible Financial Officer when setting the budget for the forthcoming year. Any surplus on the general reserve above the required balance may be used to fund capital

expenditure, be appropriated to earmarked reserves or used to limit any increase in the precept requirement.

#### 4. **Financial Risk Management**

In order to assess the adequacy of the general fund when setting the annual budget, the Responsible Financial Officer will take account of the strategic, operational and financial risks facing the Council. The requirement of the level of the general fund balance for the forthcoming year will therefore be based upon a risk assessment of the Council’s main areas of income and expenditure and take into account any provisions and contingencies that may be required. This financial risk assessment will be based upon the main financial risks identified in the Council’s Corporate Risk Register

The main items to be considered are:

<b>Financial Risk</b>	<b>Analysis of Risk</b>
Pay inflation is greater than budgeted	The cost of living increase is above the level allowed for in the estimates.
Contractual inflation is greater than budgeted	A general assumption is made when estimating the percentage increase on rates & utilities. This may increase above budgeted inflation. Professional and other services costs increase above estimate.
Treasury management income is not achieved	The actual interest rate realised is below the rate predicted at budget setting.
Car park revenue is below forecast	That a decrease in revenue is realised from estimate.
Seasonal and rental income is lower than budgeted/shortfall in income from fees and charges	That a decrease in revenue is realised from estimate.
Insurance Cover	That events occur resulting in losses that are not covered by insurance.

#### 5. **Earmarked Reserves**

Earmarked reserves represent amounts that are generally built up over a period of time which are earmarked for specific items of expenditure to meet known or anticipated liabilities or projects, and will naturally decrease as they are spent on their intended purpose. The ‘setting aside’ of funds to meet known future expenditure reduces the impact of meeting the full expenditure in one year. The Council, when establishing an earmarked reserve, will set out:

- the reason/purpose of the reserve;
- how and when the reserve can be used;
- procedures for the management and control of the reserve;



- a process and timescale for review of the reserve to ensure continuing relevance and adequacy.

The following earmarked reserves will be held by the Council:

<b>Reserve</b>	<b>Use</b>	<b>Policy for Use</b>
Beach Huts Reserve	To build up funds to meet future capital expenditure	To fund future capital projects as agreed by full council
Environmental Projects	To build up funds to meet future capital expenditure	To fund future capital projects as agreed by full council.
Community Infrastructure Levy	To hold funds for the provision, improvement, replacement, operation or maintenance of infrastructure; or anything else that is concerned with addressing the demands that development places on an area	This money must be spent in accordance with Regulation 59 C, within 5 years of receipt from the Unitary Authority. This reserve should be utilised in the first instance for works to 'infrastructure' as defined in Section 216 of the Planning Act 2008
De Moulham Back Roads	To fund the repair and maintenance of the De Moulham Estate Back Roads	That the surplus/(deficit) on the revenue account be appropriated to/(from) the reserve
Insurance & Contingency Reserve (To be depleted in 24/25)	To hold funds to cover one-off costs that may result from devolved services	That any expenditure to be met from the reserve is agreed by Council
Treasury Risk Management Reserve	To build up funds to offset any potential loss upon the redemption of strategic investments	To transfer funds to the general fund upon crystallisation of losses from strategic investments
Car Park Machines	To build up funds to replace car park ticket machines	That the purchase of equipment, as agreed by Council, be met from this reserve
Play Equipment-General Areas	To build up funds to replace play equipment	That the purchase of equipment, as agreed by Council, be met from this reserve
Vehicle & Plant Replacement	To build up funds to replace vehicles and plant	That the purchase of vehicles and plant, as agreed by Council, be met from this reserve
Football Club Facilities (To be depleted in 24/25)	To hold back rent from Vodafone for the mast at Day's Park.	To contribute funds towards the improvement of Day's Park Football Club Facilities
Tennis Courts Refurbishment	To build up funds to resurface the tennis courts	That an agreed contribution be made by the Council with an equal contribution to be met by the Tennis Club

King Georges Play Area and Skate Park	To build up funds to replace play & skate park equipment	That the purchase of equipment, as agreed by Council, be met from this reserve
Public Conveniences Fund	To build up funds to meet future capital expenditure	To fund future capital projects as agreed by full council
IT Equipment	To hold funds to meet future expenditure for IT equipment replacement	That the purchase of equipment, as agreed by Council, be met from this reserve
Green Seafront Enhancement Reserve	To build up funds to meet the costs of improvements to the Spa, Weather Station Field and Sandpit Field	That expenditure to be met from the reserve is agreed by full council
Community Sea Defence Project Reserve	To hold the funds provided by Wessex Water following an Enforcement Undertaking	To help fund public realm improvements in connection with a sea defence project
Committed revenue expenditure C fwd	To hold funds committed to revenue expenditure which have been deferred to the next financial year	To fund deferred revenue expenditure as recommended by the Town Clerk and agreed by full Council
King George's Field Management Account Reserve	To hold any surplus on the management account	To fund future capital/revenue expenditure as agreed by Council, under a management agreement
Bandstand Reserve <b>(NEW)</b>	To hold funds donated by the friends of Swanage Bandstand	To fund expenditure on the maintenance of the bandstand, as agreed by Council
Asset Management Plan Reserve <b>(NEW)</b>	To earmark funds to meet future expenditure relating to the Asset Management Plan	To fund future major projects on the Asset Management Plan as agreed by full council
Boat Park/Fishers Huts Reserve <b>(NEW)</b>	To earmark funds to meet future expenditure relating to the Boat Park & Fishers Huts	That any expenditure to be met from the reserve is agreed by Council

## 6. Statutory Reserves

Local Authorities also hold reserves that arise out of the interaction of legislation and proper accounting practices. At Swanage Town Council this is:

- Capital Receipts Reserve - this reserve holds the proceeds from the sale of assets, and can only be used for capital purposes in accordance with regulations.

## 7. Review of the Adequacy of Balances and Reserves

As the Council's level of reserves are related to its precept requirement it is important that these reserves are not excessive. In assessing the adequacy of reserves the strategic, operational and financial risks facing the authority will be taken into account. The level of general and earmarked reserves will be reviewed as part of the annual budget preparation.

## Appendix A

### Draft Estimates - Earmarked Reserves 2025/26-2027/28

Earmarked Reserves	Forecast 31/03/2025	Forecast 31/03/2026	Forecast 31/03/2027	Forecast 31/03/2028
Beach Huts Reserve	95,000	105,000	10,000	20,000
Environmental Projects	67,000	92,000	107,000	132,000
Community Infrastructure Levy	348,780	243,780	0	0
De Moulham Back Roads	27,180	29,180	31,180	33,180
Insurance & Contingency Reserve	0	0	0	0
Treasury Risk Management Reserve	187,800	187,800	0	0
Car Park Machines	4,815	9,815	14,815	19,815
Play Equipment-General Areas	41,405	51,405	10,000	20,000
Vehicle & Plant Replacement	40,000	40,000	0	15,000
Football Club Facilities	0	0	0	0
Tennis Courts Refurbishment	30,050	22,720	30,390	38,060
King Georges Play Area & Skate Park	72,095	42,095	47,095	52,095
Public Conveniences	145,000	160,000	0	15,000
IT Equipment Reserves	22,665	665	5,665	10,665
Green Seafront Enhancement Scheme	1,456,010	956,010	0	0
Community Sea Defence Project	450,000	450,000	0	0
Committed expenditure deferred	0	0	0	0
King George's Field Management Account	13,080	13,080	13,080	13,080
Bandstand	16,390	16,390	16,390	16,390
Asset Management Plan Reserve	0	65,000	130,000	195,000
Boat Park/Fishers Huts Reserve	10,000	20,000	30,000	40,000
<b>Reserves C f'd</b>	<b>3,027,270</b>	<b>2,504,940</b>	<b>445,615</b>	<b>620,285</b>

### Draft Estimates – Total Reserves 2025/26-2027/28

Total Reserves	Forecast 31/03/2025	Forecast 31/03/2026	Forecast 31/03/2027	Forecast 31/03/2028
The General Fund	739,975	732,050	672,495	554,685
Earmarked Reserves	3,027,270	2,504,940	445,615	620,285
Useable Capital Receipts Reserve	1,901,730	1,706,230	0	0
<b>Total of Reserves held by the Council</b>	<b>5,668,975</b>	<b>4,943,220</b>	<b>1,118,110</b>	<b>1,174,970</b>

**Swanage Town Council**



**Treasury Management and Investment Strategy Statement 2025/26**

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## 1. General Overview

This strategy has been prepared in accordance with the Statutory Guidance on Local Government Investments 3<sup>rd</sup> Edition hereafter known as ‘the Guidance’, which has been issued under section 15(1)(a) of the Local Government Act 2003. Under that section of the act local authorities are required to “have regard” to “such guidance as the Secretary of State may issue”.

The Guidance, which is applicable to all local authorities in England, states:

This guidance applies to parish councils.....providing their total investments exceeds, or are expected to exceed, £100,000 at any time during the financial year.

Where a parish council....expects its total investments to be between £10,000 and £100,000, it is encouraged to adopt the principles in this guidance.

## 2. Capital Expenditure and Financing

Capital expenditure underpins the Authority’s treasury management and investment strategy.

Decisions made to approve capital expenditure will have major consequences for the Council’s investment capacity and implications for future financial sustainability. Capital expenditure, capital financing and treasury management activity contributes to the Council’s provision of services.

Capital expenditure is where the Authority spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Authority has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 are not capitalised and are charged to revenue in year.

All capital expenditure must be financed either from the Authority’s own resources (revenue, reserves and capital receipts), external sources (grants and other contributions) or debt (borrowing).

In 2025/26, the Authority is planning capital expenditure of £885,500 as summarised below:

Table 1: Estimates of Capital Expenditure in £, Swanage Town Council Budget Book 2025/26

	2023/24 actual	2024/25 forecast	2025/26 budget	2026/27 estimate	2027/28 estimate
Capital Receipts	60,913	216,415	195,500	1,706,230	-
Earmarked Reserves	-	39,435	557,000	1,970,215	-
Community Infrastructure Levy	57,763	19,000	105,000	243,780	-
Grants/Contributions	-	36,555	-	-	-
External sources(eg borrowing)	-	-	-	721,180	-
General Fund	-	-	28,000	18,595	28,000
<b>TOTAL</b>	<b>118,676</b>	<b>311,405</b>	<b>885,500</b>	<b>4,660,000</b>	<b>28,000</b>

For 2025/26 the capital programme is expected to be financed from the Authority's own resources. In 2026/27 it is anticipated that a borrowing requirement may materialise given the provisional costings of the Green Seafront Scheme (GSS). However, the financing requirement for this scheme is subject to change pending a further detailed business plan and the potential for capital receipts being realised.

Debt is only a temporary source of finance, since loans must be repaid, being financed from revenue. Alternatively, proceeds from selling capital assets (known as capital receipts) and any realised gain from the redemption of strategic investments may be used to replace debt financing.

### **Treasury Management and Investment Strategy 2025/26**

An Authority may invest its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

Investments made by local authorities can be classified into one of two main categories:

- Investments held for treasury management purposes; and
- Other, non-treasury, investments.

As such it has been deemed appropriate to separate this strategy into two sections; the treasury management strategy recommended by CIPFA and the non-treasury investment strategy required by the Ministry of Housing, Communities and Local Government (MHCLG).

#### **a) Treasury Management Investments**

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority typically receives its income in cash (e.g. from taxes and services) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy.

The Authority has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management. The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

Treasury risk management at the Authority is conducted with due regard to the Chartered Institute of Public Finance and Accountancy's *Guidance for Smaller Public Organisations on the Application of the CIPFA Code of Practice for Treasury Management in the Public Services: Code of Practice and Cross-*

*Sectoral Guidance Notes 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's obligation to have regard to the CIPFA Code and any other appropriate guidance.

In accordance with MHCLG Guidance, the Authority will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large, unexpected change in interest rates, or in the Authority's capital programme or in the level of its investment balance.

#### **i) External Context**

**Economic background:** The impact on the UK from the government's Autumn Budget, slower expected interest rate cuts, a short-term boost but modestly weaker economic growth over the medium term, together with the impact from President-elect Trump's second term in office and uncertainties around US domestic and foreign policy, will be major influences on the Authority's treasury management strategy for 2025/26.

The Bank of England's (BoE) Monetary Policy Committee (MPC) held Bank Rate at 4.75% at its December 2024 meeting, having reduced it to that level in November and following a previous 25bp cut from the 5.25% peak at the August MPC meeting. At the December meeting, six Committee members voted to maintain Bank Rate at 4.75% while three members preferred to reduce it to 4.50%.

The November quarterly Monetary Policy Report (MPR) expected Gross Domestic Product (GDP) growth to pick up to around 1.75% (four-quarter GDP) in the early period of the BoE's forecast horizon before falling back. The impact from the Budget pushes GDP higher in 2025 than was expected in the previous MPR, before becoming weaker. Current GDP growth was shown to be zero (0.0%) between July and September 2024 and 0.4% between April and June 2024, a further downward revision from the 0.5% rate previously reported by the Office for National Statistics (ONS).

ONS figures reported the annual Consumer Price Index (CPI) inflation rate at 2.6% in November 2024, up from 2.3% in the previous month and in line with expectations. Core CPI also rose, but by more than expected, to 3.6% against a forecast of 3.5% and 3.3% in the previous month. The outlook for CPI inflation in the November MPR showed it rising above the MPC's 2% target from 2024 into 2025 and reaching around 2.75% by the middle of calendar 2025. This represents a modest near-term increase due to the ongoing impacts from higher interest rates, the Autumn Budget, and a projected margin of economic slack. Over the medium-term, once these pressures ease, inflation is expected to stabilise around the 2% target.

The labour market appears to be easing slowly, but the data still require treating with some caution. The latest figures reported that the unemployment rate rose to 4.3% in the three months to October 2024 and economic inactivity fell to 21.7%. Pay growth for the same period was reported at 5.2% for both regular earnings (excluding bonuses) and for total earnings. Looking ahead, the BoE MPR showed the unemployment rate is expected to increase modestly, rising to around 4.5%, the assumed medium-term equilibrium unemployment rate, by the end of the forecast horizon.



The US Federal Reserve has continued cutting interest rates, bringing down the Fed Funds Rate by 0.25% at its December 2024 monetary policy meeting to a range of 4.25%-4.50%, marking the third consecutive reduction. Further interest rate cuts are expected, but uncertainties around the potential inflationary impact of incoming President Trump's policies may muddy the waters in terms of the pace and magnitude of further rate reductions. Moreover, the US economy continues to expand at a decent pace, rising at an (upwardly revised) annual rate of 3.1% in the third quarter of 2024, and inflation remains elevated suggesting that monetary policy may need to remain more restrictive in the coming months than had previously been anticipated.

Euro zone inflation rose above the European Central Bank (ECB) 2% target in November 2024, hitting 2.2% as was widely expected and a further increase from 2% in the previous month. Despite the rise, the ECB continued its rate cutting cycle and reduced its three key policy rates by 0.25% in December. Inflation is expected to rise further in the short term, but then fall back towards the 2% target during 2025, with the ECB remaining committed to maintaining rates at levels consistent with bringing inflation to target, but without suggesting a specific path.

**Credit outlook:** Credit Default Swap (CDS) prices have typically followed a general trend downwards during 2024, reflecting a relatively more stable financial period compared to the previous year. Improved credit conditions in 2024 have also led to greater convergence in CDS prices between ringfenced (retail) and non-ringfenced (investment) banking entities again.

Higher interest rates can lead to a deterioration in banks' asset quality through increased loan defaults and volatility in the value of capital investments. Fortunately, the rapid interest rate hikes during this monetary tightening cycle, while putting some strain on households and corporate borrowers, has not caused a rise in defaults, and banks have fared better than expected to date, buoyed by strong capital positions. Low unemployment and robust wage growth have also limited the number of problem loans, all of which are positive in terms of creditworthiness.

Moreover, while a potential easing of US financial regulations under a Donald Trump Presidency may aid their banks' competitiveness compared to institutions in the UK and other regions, it is unlikely there will be any material impact on the underlying creditworthiness of the institutions on the counterparty list maintained by Arlingclose, the authority's treasury adviser.

Overall, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

**Interest rate forecast (December 2024):** The Authority's treasury management adviser Arlingclose forecasts that The Bank of England's Monetary Policy Committee will continue reducing rates during 2024 and through 2025, taking Bank Rate to around 3.75% by the end of the 2025/26 financial year. The effect from the Autumn Budget on economic growth and inflation has reduced previous expectations in terms of the pace of rate cuts as well as pushing up the rate at the end of the loosening cycle.

Arlingclose expects long-term gilt yields to remain broadly at current levels on average (amid continued volatility), but to end the forecast period modestly lower compared to now. Yields will continue to remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will be short-term volatility due to economic and (geo)political uncertainty and events.

A more detailed economic and interest rate forecast provided by Arlingclose is in **Appendix A**.

For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 4%.

## ii) **Local Context**

On 31<sup>st</sup> December 2024, the Authority held investments with a book value of £6.57m (current value of £6.69m). This is set out in further detail at **Appendix B**. Forecast changes in these sums are shown in Table 2 below.

**Table 2: Investment Capacity Reserves - Summary and Forecast**

	Actual 31-Mar-24 £m	Estimated 31-Mar-25 £m	Estimated 31-Mar-26 £m	Estimated 31-Mar-27 £m	Estimated 31-Mar-28 £m
General Reserves	0.87	0.74	0.73	0.67	0.55
Earmarked reserves	2.82	3.02	2.50	0.44	0.62
Capital Receipts	2.12	1.90	1.71	0.00	0.00
<b>Treasury Investments</b>	<b>5.81</b>	<b>5.66</b>	<b>4.94</b>	<b>1.11</b>	<b>1.17</b>

## iii) **Borrowing Strategy**

Local Council borrowing is governed by Schedule 1 to the Local Government Act 2003. Parish & town councils in England have to apply and receive approval from the Secretary of State before taking up any borrowing. Certain temporary borrowings do not require borrowing approval. The amount that an individual town council will be authorised to borrow will normally be limited to a maximum of £500,000 in any single financial year. However, MHCLG/DAPTC have indicated that this amount could be higher based upon a robust business plan being approved. Borrowing may only be entered into for a purpose that would be capital expenditure as defined in section 16 of the Local Government Act 2003 and the decision to borrow must be made by full council.

The Authority is currently debt free, However, its capital expenditure plans imply an external borrowing requirement in 2026/27. Council has previously affirmed that external borrowing would only be considered where it has been identified that the cost of the loan will have a nil effect on the precept requirement i.e. the annual revenue cost of a loan repayment can be met from additional income generated by the asset financed by the loan. This assertion will need to be reviewed during the next few years leading up to the approval of the GSS as any borrowing costs are unlikely to be met from increased revenue. The current working assumption is that any borrowing requirement will be short term and met from capital receipts.

Short-term interest rates are currently higher than in the recent past, but are expected to fall in the coming year and it is therefore likely to be more cost effective over the medium-term to either use

internal resources, or to borrow short-term loans instead. Any potential future capital financing options will be assessed so as to minimise the costs to revenue.

Consideration may also be given to other sources of debt finance, which although they are not classed as borrowing, but may be classed as other debt liabilities. These are:

- leasing
- hire purchase

Any potential future capital financing options will be assessed so as to minimise the costs to revenue.

The Responsible Financial Officer may from time to time authorise the use of a temporary bank overdraft facility to facilitate cash flow throughout the financial year.

#### **iv) Investment Strategy**

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £6.0m and £6.6m (book value) and £6.2m and £6.7m (current value). The funds that the Council holds for investment purposes are expected to decrease in the forthcoming year due to the financing of the Council's capital programme.

**Objectives & Risk Management:** The CIPFA Code requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

**Strategy:** Treasury investments include both short-term low risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services. The existing portfolio of strategic pooled funds will be reviewed periodically, at least on a quarterly basis, with a view to liquidating a proportion of strategic investments in order to ensure funds are available to finance the capital programme and to maintain a diversified portfolio.

**ESG policy:** : Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

**Approved Counterparties:** The Authority may invest its surplus funds with any of the counterparty types in Table 3 below, subject to the cash limits (per counterparty) and the time limits shown.

**Table 3: Treasury investment counterparties and limits**

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£1m	Unlimited
Secured investments *	25 years	£1m	Unlimited
Banks (unsecured) *	13 months	£1m	£2m
Building societies (unsecured) *	13 months	£0.5m	£1m
Registered providers (unsecured) *	5 years	£0.5m	£1m
Money market funds *	n/a	£0.5m	£1m
Strategic pooled funds	n/a	£4m	£6m

**Minimum Credit Rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than [A-]. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

**UK Government:** Sterling-denominated investments with or explicitly guaranteed by the UK Government, including the Debt Management Account Deposit Facility, treasury bills and gilts. These are deemed to be zero credit risk due to the government's ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

**Local authorities and other government entities:** Loans to, and bonds and bills issued or guaranteed by, other national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk.

**Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds, secured deposits and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

**Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

**Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

**Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. The Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

**Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

**Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £2m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

**Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

**Other Information on the Security of Investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other

available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

**Reputational aspects:** The Authority is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022 this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

**Investment Limits:** In order to minimise the amount of reserves that would be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £4million. A group of entities under the same ownership will be treated as a single organisation for limit purposes. Limits are also placed on fund managers and foreign countries. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

**Table 4: Investment Limits**

	Cash limit
Any group of organisations under the same ownership	£4m per group
Any group of pooled funds under the same management	£4m per manager
Foreign Countries	£1m per country

**Liquidity management:** The Authority will invest prudently in the short term to ensure the liquidity of funds, to minimise the risk of the Authority not being able to meet its financial commitments.

The Authority will spread its liquid cash over at least three providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

**v) Treasury Management Prudential Indicators**

The Authority will measure and manage its exposures to treasury management risks using the following indicators.

**Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit risk indicator	Target
Portfolio average credit rating	A

**Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity risk indicator	Target
Total cash available within 3 months	£0.75m

**vi) Financial Implications**

The budget for investment income in 2025/26 is £240,000, based on an average investment portfolio of £6million at an interest rate of 4%. If actual levels of investments, or actual interest rates differ from those forecast, performance against budget will be correspondingly different.

Where investment income exceeds budget, e.g. from higher risk investments including pooled funds, then the revenue excess will be transferred to a treasury risk management reserve to cover the risk of capital losses in future years.

**b) Non-treasury Investments**

The Guidance focuses on non-treasury investments including:

- loans made for service purposes
- shares in companies bought for service purposes
- loans to and shares in subsidiaries, irrespective of the purpose of the company
- non-financial assets (e.g. property) held primarily or partially to generate a profit

**i) Service Investments: Loans**

**Contribution:** Supplemental to Section 12 of the Local Government Act 2003 or Section 24 of the Local Government Act 1988, under the General Power of Competence, Section 1 of the Localism Act 2011, the authority may choose to make loans to local enterprises, local charities or community organisations, wholly owned companies and joint ventures as part of a wider strategy for local economic growth even though these loans may not all be seen as prudent if adopting a narrow definition of prioritising security and liquidity.

The Council does not currently lend money directly to any local businesses, local charities or community organisations, or housing associations. However, this has not been precluded from any potential future transactions.

**Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due.

**Risk assessment:** Should the Council be approached to make a loan to support local public services and as part of a wider strategy to stimulate local economic growth it may consider applications. The Authority will assess the risk of loss before entering into any service loan, while having regard to the Guidance and must be able to demonstrate that:

- Total financial exposure to these type of loans are proportionate;
- They must use an allowed “expected credit loss” model for loans as set out in the “International Financial Reporting Standard (IFRS) 9 Financial Instruments” as adopted by proper practices to measure the credit risk of the loan portfolio;
- There are appropriate credit control arrangements to recover overdue repayments in place and;
- The Authority must formally agree the total level of loans by type that it is willing to make and that the total loan book is within self-assessed limits.

## ii) **Service Investments: Shares**

**Contribution:** The Council does not currently invest in the shares of any local businesses.

**Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered.

**Risk assessment:** Any application received to invest in shares from another party will be assessed on its own merits and must be able to demonstrate a benefit to local public services and stimulate local economic growth. Although the investment in shares has not been precluded, it is unlikely that the Council would approve this type of investment due to the high level of risk that this category of investment carries.

**Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

## iii) **Commercial Investments: Property**

**Contribution:** The Council does not currently invest directly in commercial property with the intention of making a profit that will be spent on local public services.

**Security:** In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

**Risk assessment:** The Authority will assess the risk of loss before entering into and whilst holding property investments, should this type of investment be considered at a future date.



**Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. As such the Council will only enter into the purchase of property through pooled funds, a treasury management investment, unless the Council is able to demonstrate that the purchase of commercial property would be a benefit to local public services and/or stimulate local economic growth.

#### **4. Related Matters**

**Policy on Use of Financial Derivatives:** In the absence of any explicit legal power to do so, the Authority will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

**Borrowing in Advance of Need:** The Council recognises that the borrowing of money purely to invest is ultra vires and the Council will not engage in this activity.

**Markets in Financial Instruments Directive:** The Authority has retained retail client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a smaller range of services but with the greater regulatory protections afforded to individuals and small companies. Presently, given the size and range of the Authority's treasury management activities, this is the only status that the Authority can adopt.

**Retail Client Suitability Report:** As a retail client, the council is obliged by its treasury advisors, Arlingclose, to complete a Retail Client Suitability Report, which will be reviewed at least annually to ensure it is still fit for purpose. The report summarises the Council's financial position, its investment objectives and constraints, acknowledges risk and gives a recommendation as to the suitability of the Council's investment portfolio in achieving its objective.

#### **5. Capacity, Skills and Culture**

**Elected members and statutory officers:** The needs of the Authority's treasury management staff for training in investment management are assessed as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change. Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers.

Staff attend training courses, seminars and conferences provided by Arlingclose. Elected members are also encouraged to engage in investment decisions and are invited to attend strategy meetings held with Arlingclose.

**Corporate governance:** The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Finance & Governance Committee and for the execution and administration of treasury management decisions to the Responsible Finance Officer who acts in accordance with the organisation's policy statement and TMPs.

The Finance & Governance Committee is responsible for ensuring effective scrutiny of the treasury management strategy, policies and investment decisions.

## **Appendix A – Arlingclose Economic & Interest Rate Forecast – December 2024**

### **Underlying assumptions:**

- As expected, the Monetary Policy Committee (MPC) held Bank Rate at 4.75% in December, although, with a 6-3 voting split and obvious concerns about economic growth, presented a much more dovish stance than had been expected given recent inflationary data.
- The Budget measures remain a concern for policymakers, for both growth and inflation. Additional government spending will boost demand in a constrained supply environment, while pushing up direct costs for employers. The short to medium-term inflationary effects will promote caution amongst policymakers.
- UK GDP recovered well in H1 2024 from technical recession, but underlying growth has petered out as the year has progressed. While government spending should boost GDP growth in 2025, private sector activity appears to be waning, partly due to Budget measures.
- Private sector wage growth and services inflation remain elevated; wage growth picked up sharply in October. The increase in employers' NICs, minimum and public sector wage levels could have wide ranging impacts on private sector employment demand and costs, but the near-term impact will likely be inflationary as these additional costs get passed to consumers.
- CPI inflation rates have risen due to higher energy prices and less favourable base effects. The current CPI rate of 2.6% could rise further in Q1 2025. The Bank of England (BoE) estimates the CPI rate at 2.7% by year end 2025 and to remain over target in 2026.
- The MPC re-emphasised that monetary policy will be eased gradually. Despite recent inflation-related data moving upwards or surprising to the upside, the minutes suggested a significant minority of policymakers are at least as worried about the flatlining UK economy.
- US government bond yields have risen following strong US data and uncertainty about the effects of Donald Trump's policies on the US economy, particularly in terms of inflation and monetary policy. The Federal Reserve pared back its expectations for rate cuts in light of these issues. Higher US yields are also pushing up UK gilt yields, a relationship that will be maintained unless monetary policy in the UK and US diverges.

### **Forecast:**

- In line with our forecast, Bank Rate was held at 4.75% in December.
- The MPC will reduce Bank Rate in a gradual manner. We see a rate cut in February 2025, followed by a cut alongside every Monetary Policy Report publication, to a low of 3.75%.
- Long-term gilt yields have risen to reflect both UK and US economic, monetary and fiscal policy expectations, and increases in bond supply. Volatility will remain elevated as the market digests incoming data for clues around the impact of policy changes.
- This uncertainty may also necessitate more frequent changes to our forecast than has been the case recently.
- The risks around the forecasts lie to the upside over the next 12 months but are broadly balanced in the medium term.

	Current	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
<b>Official Bank Rate</b>													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.75	4.50	4.25	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Downside risk	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
<b>3-month money market rate</b>													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Central Case	4.90	4.60	4.35	4.10	3.90	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
<b>5yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.34	4.30	4.20	4.10	4.00	3.90	3.90	3.95	4.00	4.05	4.05	4.05	4.05
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
<b>10yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.56	4.55	4.45	4.30	4.20	4.20	4.20	4.20	4.25	4.25	4.25	4.25	4.25
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
<b>20yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	5.05	5.00	4.90	4.80	4.70	4.65	4.65	4.65	4.65	4.65	4.65	4.65	4.65
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80
<b>50yr gilt yield</b>													
Upside risk	0.00	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Central Case	4.52	4.70	4.60	4.50	4.40	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Downside risk	0.00	-0.50	-0.60	-0.65	-0.65	-0.70	-0.70	-0.75	-0.75	-0.80	-0.80	-0.80	-0.80

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

National Wealth Fund (NWF) Rate = Gilt yield + 0.40%

## Appendix B – Existing Investment Portfolio Position

<b>Investment Portfolio</b>	<b>31/12/2024 Actual Portfolio (Book Value) £s</b>	<b>31/12/2024 Actual Portfolio (Current Value)* £s</b>
Banks and building societies (unsecured)	65,578	65,578
Money Market Funds	750,000	750,000
Government	2,240,000	2,240,000
Investments in Pooled Funds:		
Property Fund	2,017,940	2,342,502
Diversified Income Fund	1,000,000	862,455
Corporate Bond Fund	500,000	429,644
<b>TOTAL INVESTMENTS</b>	<b>6,573,518</b>	<b>6,690,179</b>

*\*provisional figures*