

SWANAGE TOWN COUNCIL



Financial Review Year Ended 31st March 2018

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1. Introduction & Overview

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

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

2. Financial Review

Revenue Account/Service Provision

A summary of the Council's budgeted and actual net expenditure on the Income & Expenditure Account is given below.

	Budget	Actual	Variance
	£	£	+ve/(-ve)
Net Income/(Expenditure) :-	£	£	£
Car Parks (incl. Co-op Management A/c)	380,095	432,770	52,675
Boat Park	23,385	(20,426)	(43,811)
Public Conveniences	(141,935)	(126,095)	15,840
Cemeteries	(11,135)	(6,647)	4,488
Parks and Operations (incl. CCTV)	(337,095)	(205,095)	132,000
Beach Gardens	(37,910)	(60,290)	(22,380)
Beaches & Foreshore	(40,005)	(34,303)	5,702
Beach Chalets/Bungalows	75,260	67,080	(8,180)
Publicity/Tourism	(161,600)	(160,759)	841
Allotments	4,720	6,452	1,732
General Buildings & Grounds	35,975	64,214	28,239
Grants & Donations	(34,150)	(37,943)	(3,793)
Central Administration	(304,415)	(268,670)	35,745
Democratic & Corporate Management	(113,160)	(102,295)	10,865
Loan Repayments, Interest Payable & Bank Charges	(6,000)	(5,595)	405
Net Investment Income	169,000	201,782	32,782
Net Operating Expenditure	(498,970)	(255,820)	243,150
Transfer to Earmarked Reserves	(118,500)	(282,367)	(163,867)
Financing Capital Expenditure	(70,000)	(37,503)	32,497
Council Tax Support Grant	9,775	9,777	2
Precept	703,950	703,950	0
Net Surplus on the General Fund	26,255	138,037	111,782

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During 2017/18 the net cost of Town Council services, taking into account all revenue income and expenditure, was £255,820. The Council also funded £37,503 of capital expenditure from its revenue account. Given that the Council received a total of £713,725 in Precept and Council Tax Support Grant, this has resulted in a contribution of £420,404 being made to reserves and balances at the financial year end. The largest proportion of this (£282,367) has been transferred to earmarked reserves to fund the improvements to Council assets set out in the long-term Capital Programme, leaving a net surplus on the General Fund for the year of £138,037.

The Town Council has three principal sources of income: the Council Tax Precept, car parking revenue and investment income. During 2017/18 these together generated income of £1.64 million, 75 per cent of the Council's total revenue income of just under £2.2 million. This compared to £1.44 million in 2016/17.

A total of £703,950 was raised through the parish precept in 2017/18. Although individual household bills were frozen, an enlarged tax base led to an increase in total precept of 2.4% since 2016/17. The Council continued to receive a Council Tax Support Grant from Purbeck District Council, but this was reduced by almost £9,800 year-on-year, and was the last such payment to be made.

Car parking income was substantially above budget, largely the result of a significant increase in usage of the Council's long-stay car park at Main Beach. The income from the Council's investments continued to outperform budget expectations, generating £40,000 more than the previous financial year. This is analysed further below in the Treasury Management section of this review.

The Council's sources of seasonal income saw a mixed performance against budget. No income was received from the hire of Boat Park grid spaces as a result of ground instability. Together with unbudgeted expenditure on professional fees incurred in the stabilisation scheme, this led to a negative variance of almost £44,000.

At Beach Gardens income from sporting activities was marginally below budget, although largely stable year-on-year. Putting income remained significantly below levels seen in 2009/10 despite improved facilities and marketing, although this may have been at least partly due to poor weather conditions over some of the summer. Higher wages costs and unbudgeted improvements to the fencing of court 7 contributed to a significantly larger than anticipated net loss.

The Tourist Information Centre was operated largely within budget. Income increased significantly after a number of years of reduced sales activity, exceeding budget by more than £6,000. This offset higher expenditure on items such as I.T., arising from the purchase of a new online booking system.

Income from beach huts increased by £15,000 year-on-year, exceeding budget expectations, although this was in part as a result of increased expenditure on introducing the new Spa Retreats.

The cost of maintaining the beach to blue flag standards was largely in-line with budgets, although almost £20,000 higher than the previous year. This was largely due to increased costs on RNLI lifeguards and a greater requirement for seaweed clearance, which is largely weather dependent.

In relation to community facilities, expenditure at the cemetery was under budget, due to the continued deferral of developing the cemetery extension and lower than planned expenditure on repairs and maintenance. Income from cemetery fees was largely on budget, almost £2,500 higher than the previous year. In respect of the allotments, a positive variance arose from underspends in most budget headings. Spending on public conveniences was again significantly under budget, by £16,400. This was principally due to lower than anticipated expenditure on wages, business rates and repairs and maintenance.

Central services costs were also well below budget, by £27,700. This contributed strongly to a positive variance of £35,745. Principal savings/underspends were due to lower than budgeted employee costs and legal and professional fees. Income was also higher, largely due to Community Infrastructure Levy payments of £9,558, which have been transferred to an earmarked reserve. The Council's spending on grants and donations increased once again year-on-year, further information being set out in section 9 of this report.

The Parks and Operations department experienced the largest variance against budget of £132,000. Income was higher due to the disposal of vehicles. However, by far the greatest contribution towards the variance was deferred expenditure on various works, repairs and maintenance, hired services and refuse disposal. There was also a significant change in the allocation of wages of the outdoor staff to other areas of operation year-on-year. Similarly, the General Buildings and Grounds heading shows a significant positive variance in excess of £28,000. This is largely the result of the deferral of works to stabilise the boundary wall of the Downs along Seymer Road.

The overall combination of lower than anticipated operating expenditure and deferral of planned capital expenditure has enabled a much greater than anticipated contribution to be made to the Council's earmarked reserves, in total almost £164,000 more than budgeted. This will make an important contribution towards the substantial expenditure required over the coming years to upgrade the town's infrastructure, including the stabilisation of the Stone Quay and carrying out additional seafront stabilisation works. The year-end surplus on the general fund of £138,037 creates a total General Fund Balance of £946,278 as at 31st March 2018, comfortably within the range of three to twelve months' expenditure widely recognised as an appropriate level of general reserves.

Capital Programme and Planning

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

The table below summarises the actual capital expenditure for the 2017/18 financial year and how this was financed.

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	Funded from Capital Receipts £	Funded from Earmarked Reserves £	Funded from General Fund £	Total Cost £
Land & Buildings				
TIC-Renovation (Final costs)	-	-	2,503	2,503
Spa Retreats	-	-	26,070	26,070
Boat Park Stabilisation (WIP)	182,132	-	-	182,132
Public Conveniences Refurbishment:				
Main Beach	13,321	130,000	-	143,321
Mermond Place	69,534	-	-	69,534
Town Hall	17,258	-	-	17,258
Beach Gardens (WIP)	88,805	-	-	88,805
Vehicles, Plant & Equipment				
Iseki Ransomes Mower	-	23,600	5,480	29,080
Nissan E-NV200 Acenta Van	-	10,519	3,450	13,969
Skate Park Equipment (WIP)	-	6,330	-	6,330
Car Park-Pay & Display Machines	-	65,752	-	65,752
Capital Grants				
Swanage Pier Trust	25,000	-	-	25,000
TOTAL	396,050	236,201	37,503	669,754

Land & Buildings

Work on the renovation of the Tourist Information Centre was finalised in April 2017, with the completion of the refurbishment following the installation of the IT infrastructure. The cost incurred in 2017/18 was £2,503, bringing the total scheme costs to £129,779.

Following a report from the Visitor Services Manager, Council agreed a supplementary budget in year for the installation of 6 additional beach huts on the Spa site, Spa Retreats. The overall cost was £26,070, with the huts installed during July 2017.

A report was issued to Council in April 2017 highlighting ground movement at the boat park. Further to this report, the stabilisation and installation of retaining walls at the boat park was added to the capital programme in year. In 2017/18 a total of £182,132 was incurred with works continuing into 2018/19.

The 2017/18 capital programme included the refurbishment of two public conveniences, Main Beach and the Town Hall. During the course of the year, two further additions were made to the programme. The additions were the refurbishment of the Mermond Place toilets and the introduction of a DDA compliant toilet block at Beach Gardens. The majority of works were finished 31st March, however, some works at Beach Gardens were still outstanding. The total cost in year was £318,918.

Vehicles, Plant and Equipment

The Council purchased two new vehicles during the 2017/18 financial year, as a part of the Council's vehicle replacement programme. A mower was purchased at a gross cost of £29,080. The old vehicle was sold for £5,480 which part financed this replacement via the general fund, with £23,600 being financed from earmarked reserves. The Council also purchased a new electric Nissan van at a cost of £13,969 which was also part-financed through the general fund with the sale of the old Nissan van for £3,450. The balance was financed from the vehicle replacement earmarked reserve. A further two vehicles were tendered for and expenditure approved, however, the delivery was delayed and deferred to 2018/19.

A further payment of £6,330 was made as the 2nd instalment for the purchase and installation of skate park equipment. This was initially programmed for 2015/16 and was expected to be completed in 2016/17. However, the installation has been drawn out and only small progress has been made with this project in the 2017/18 financial year. It is anticipated that this will be completed in 2018/19. The costs to date of £12,660 are being held as an Asset Under Construction on the asset register.

The Council replaced all of its Pay & Display machines in the year and introduced card payment facilities. The total cost of the machines was £65,752 which was financed entirely from an earmarked reserve.

Grants

A capital grant was awarded to the Swanage Pier Trust, as a contribution towards the delivery phase of the Pier Regeneration Project.

Treasury Management

The Council has continued to contract Arlingclose as its treasury advisors and has consulted on any new investments taken. The Council has maintained its objective of the security of capital over yield, within the parameters as set out in the Treasury Management Strategy Statement and Annual Investment Strategy 2017/18 and upon advice given by Arlingclose.

The Council has continued to maintain a diversified investment portfolio, given the size of its balances, throughout the course of the 2017/18 financial year, utilising call accounts with Lloyds Bank, Money Market Funds, covered bonds and pooled funds.

Short term investment activity has been sedentary during the year, with only movements between accounts and the reinvestment of interest taking place. However, £1.5m that had been identified as being available for investment for a longer term was transferred from the Lloyds account.

With regards to long-term investments, the Council continued to maintain the units held in the CCLA LAMIT property fund, with a total of £2.5m invested in the fund at 31st March 2018. The Council continues to maintain an unrealised capital growth on this investment, with a market value of £3.132m at 31st March 2018. In terms of income generation this fund has continued to perform well and above estimate, realising an annualised yield of 5.72% based upon its book value, or a 4.54% gross dividend yield. The Council also purchased shares in the M&G Corporate Bond Fund, £500k, and the Investec

Diversified Income Fund, £1m, valued at £487k and £977k respectively at 31st March 2018. These investments realised an income return of 3.51% and 3.76% respectively. The Council continued to hold a covered bond with Coventry Building Society which is due to mature in April 2018.

The net return on the Council's investments had been estimated at £169,000, with an actual outturn of £201,782 being realised at year end. The variance realised in investment income is due to the increase in funds held in long-term investments, which see a greater return than those held in the short term and the better than anticipated performance of these long-term investments.

The Council's Annual Treasury Report 2017/18, which gives a more in depth review, has been published separately. A summary of investments held at 31st March 2018 can be found on page 13.

Earmarked Reserves

The Council's Earmarked Reserves have been established in order to build up funds to meet anticipated future expenditure as identified in the Asset Management Plan and the Council's risk assessment. The Council's Reserves and Balances Policy was reviewed during the course of the year, as part of the process for setting the Council's budgets for the 2018/19 financial year. During this review the repairs and renewals reserve was renamed the Seafront Enhancement Scheme Reserve, so that funds may be built up to finance the costs of improvements to the Spa, Weather Station Field and Sandpit Field.

During the course of the year, capital expenditure totalling £236,201 was financed from earmarked reserves with £65,752 financing the installation of replacement pay & display machines in the Council's car parks, £130,000 part-financed the public convenience refurbishment scheme, £6,330 was used to finance the next phase of the installation of skate park equipment at King Georges and £34,119 part financed two vehicle replacements.

In 2017/18 a net contribution of £282,367 was made from the general fund to the various earmarked reserves against an original estimate of £118,500. A greater additional contribution was made to the retitled Seafront Enhancement Scheme, with £250,000 being appropriated to this reserve, against an original budget of £100,000.

The Community Infrastructure Levy (CIL) Reserve also received further contributions of £9,558 in the year. This reserve holds funds raised by Purbeck District Council from the CIL in order to meet expenditure in accordance with Community Infrastructure Levy Regulations 2010, Regulation 59C.

With an opening balance of £1,247,525 a net increase in the year of £46,166 has resulted in a balance of £1,293,691 being held at 31st March 2018. These reserves have, on the whole, been set aside to fund the Council's future capital programme.

The Council's Usable Capital Receipts Reserve (UCRR) saw a reduction of £396,050 in the year. This expenditure financed works at the boat park stabilisation (£182,132 to date). It also part financed the toilet refurbishment scheme, with £188,918 being financed from this reserve. A capital grant of £25,000 was also issued to the Swanage Pier Trust. The Council carries forward a balance of £3,500,128 in its UCRR into the next financial year.

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

3. Accounting Statements

The Annual Governance and Accountability Return Part 3

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

Section 1 – Annual Governance Statement

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

Section 2 – Accounting Statements

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

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

Section 3 – External Auditor report and certificate

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

Annual internal audit report

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

Accounting Policies

Section 2 of the Annual Governance and Accountability Return summarises the Council's transactions for the 2017/18 financial year and its position at 31st March 2018. The statement of account has been prepared following guidance given in *Governance and Accountability for Smaller Authorities in England: A Practitioners' Guide to Proper Practices March 2018 (England)*.

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

The Annual Return - Income & Expenditure					
2016/17			2017/18		
£	£		£	£	
	3,031,405	Reserves & Balances brought forward - Box 1			3,072,865
		Income			
	687,480	Precept - Box 2			703,950
19,555		Council Tax Support Grant	9,777		
507,604		Rental, Interest & Investment Income	562,716		
594,927		Charges made for Services	618,423		
298,789		Other Income or Contributions	287,354		
286,735		Capital Receipts/Investments/Capital Grants	14,840		
	<u>1,707,610</u>	Total Other Receipts - Box 3			<u>1,493,110</u>
		Expenditure			
		<i>Salaries and Wages</i>			
(464,274)		Direct Service Costs	(507,446)		
(283,719)		Democratic, Management and Civic Costs	(265,148)		
	<u>(747,993)</u>	Total Staff Costs - Box 4			<u>(772,594)</u>
	0	Loan interest/capital repayments - Box 5			0
		<i>Other Costs</i>			
(806,414)		Direct service costs	(775,074)		
(183,387)		Democratic, Management and Civic Costs	(138,702)		
(32,494)		Grant and donations	(37,943)		
0		Capital Grants	(25,000)		
(204,262)		Capital Expenditure	(644,754)		
(379,080)		Long Term Investments	(1,500,000)		
	<u>(1,605,637)</u>	Total Other Costs - Box 6			<u>(3,121,473)</u>
	<u><u>3,072,865</u></u>	Reserves & Balances carried forward - Box 7			<u><u>1,375,858</u></u>

Bank Reconciliation for year ended 31st March 2018			
	£	£	Note
Bank Accounts			
Current	61,113		
Deposit/Call	1,219,605		7
<i>less</i>			
unpresented cheques	0		
<i>add</i>			
uncleared payments	1,830		
<i>add</i>			
petty cash	615		
Total Cash and Bank		1,283,163	
Short Term Investments			
MMFs	403,851		
Total Short Term Investments		403,851	7
Total Cash and Short Term Investments – Box 8		1,687,014	

Reconciliation of Cash to Reserves

Under the Annual Return the total cash and short term investments plus debtors, less creditors should equal the total of balances and reserves carried forward.

2016/17 £		Note	2017/18 £
3,230,795	Box 8 - Total cash and short term investments		1,687,014
126,271	(+)Debtors	1	185,109
(284,201)	(-) Creditors	2	(496,265)
3,072,865	(=) Box 7 - Balances carried forward		1,375,858

Tangible Fixed Assets and Long Term Investments

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

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	Operational Assets				Non-Operational Assets		Total
	Land & Buildings	Vehicles, Plant & Equipment	Infra-structure	Community	Assets Under Construction	Investment Properties	
	£	£	£	£			
Tangible Fixed Assets- Cost or Valuation							
As at 1 April 2017	5,535,346	420,856	17,105	36,590	133,606	600,000	6,743,503
Additions/Enhancements	258,686	108,801	0	0	277,267	0	644,754
Reclassifications	127,276	0	0	0	(127,276)	0	0
Donated Assets	0	0	0	0	0	0	0
Disposals	0	(35,620)	0	0	0	0	(35,620)
As at 31 March 2018	5,921,308	494,037	17,105	36,590	283,597	600,000	7,352,637
Long Term Investments							
As at 1 April 2017							2,879,080
Additions							1,500,000
Redeemed							(14,840)
As at 31 March 2018							4,364,240
Total Fixed Assets and Long Term Assets – Box 9							11,716,877

Schemes Under Construction

The total asset value at 31st March 2018 includes £12,660 relating to skate park equipment at King George's, £182,132 relating to the stabilisation of the boat park and £88,805 relating to the installation of DDA compliant public conveniences at Beach Gardens, classified as Assets Under Construction.

Long Term Borrowing

2016/17 £	Analysis of Loans - PWLB	2017/18 £
0	Balance brought forward	0
0	Principal paid in year (<i>Box 5</i>)	0
0	Total Outstanding – Box 10	0

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

Notes

1. Debtors

2016/17 £	Amounts falling due in one year :-	2017/18 £
33,783	HMRC-VAT	77,803
92,121	Sundry Debtors	101,171
(17,490)	Provision for Bad/Doubtful Debtors	(14,595)
15,639	Payments in Advance	14,159
2,218	Stock	6,571
126,271	Total	185,109

2. Creditors

2016/17		2017/18
£		£
197,201	Sundry Creditors	386,167
87,000	Receipts in Advance	110,098
<u>284,201</u>		<u>496,265</u>

Movement of Reserves				
	Balance 1 April 2017	Net movement in year	Balance 31 March 2018	Note
	£	£	£	
General Fund	808,241	138,037	946,278	3
Earmarked Reserves	1,247,525	46,166	1,293,691	4
Usable Capital Receipts Reserve	3,896,178	(396,050)	3,500,128	5
Total	<u>5,951,944</u>	<u>(211,847)</u>	<u>5,740,097</u>	

This table details changes during the year in the Council's reserves. It provides opening and closing balances and details of any movements on the reserve. The total of the reserves held differs from the Annual Return total in Box 7 due to the treatment of the £4m long term investments that the council holds in pooled funds and the Coventry Building Society Bond (£364,240). Under the Annual Return when any Long Term Investments are entered into they are shown to be expensed through Box 6 thus reducing the total in Box 7. However, under statute this investment is not classified as capital expenditure and is merely a movement of cash from a short term investment to a long term investment and as such has not been shown as being expensed from a reserve.

3. The General Fund

2016/17		2017/18
£		£
790,741	General Fund Balance brought forward	808,241
338,067	Net Surplus or (Deficit) for Year	457,907
(165,912)	Financing Capital Expenditure	(37,503)
(154,655)	Transfers (to)/from Earmarked Reserves	(282,367)
<u>808,241</u>	General Fund Balance carried forward	<u>946,278</u>

The general fund balance is the Council's "working balance" and states the cumulative surplus (or deficit) on the Council's income and expenditure account. The Council has seen an increase of

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£138,037 on the general fund in the year, comprising of a net surplus of £457,907 for the year, less the financing of capital expenditure of £37,503 and a net transfer from the general fund to earmarked reserves of £282,367.

4. Earmarked Reserves

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

Earmarked Reserves	Balance 01-Apr-17 £	Additions to Reserve £	Expenditure financed from Reserve £	Balance 31-Mar-18 £
Festive Lights	8,098	309	-	8,407
Vehicle & Plant Replacement	72,075	-	(34,119)	37,956
King Georges Play Area & Skate Park	74,177	6,500	(6,330)	74,347
Play Equipment-General Areas	78,904	-	-	78,904
Car Park Machines	70,000	-	(65,752)	4,248
Tennis Courts Refurbishment	-	-	-	-
Seafront Enhancement Scheme	675,100	250,000	-	925,100
Public Conveniences	130,000	-	(130,000)	-
Beach Huts Reserve	5,000	10,000	-	15,000
Football Club Facilities	6,958	-	-	6,958
De Moulham Back Roads	29,662	1,000	-	30,662
Insurance & Contingency Reserve	40,000	-	-	40,000
Community Infrastructure Levy	12,034	9,558	-	21,592
FJ Grace	30,517	-	-	30,517
IT Equipment Reserve	15,000	5,000	-	20,000
Total	1,247,525	282,367	(236,201)	1,293,691

During the year a net contribution of £282,367 was made to earmarked reserves from the General Fund. A further £236,201 financed capital expenditure.

5. Usable Capital Receipts Reserve (UCRR)

2016/17 £		2017/18 £
3,899,125	Balance brought forward	3,896,178
0	Capital receipts	0
	Less:	
(2,947)	Capital receipts used for financing Assets	(396,050)
<u>3,896,178</u>	Balance carried forward	<u>3,500,128</u>

The UCRR holds the proceeds of the sale of fixed assets and can only be used in accordance with regulations. The Council utilised £396,050 during the course of the year to finance capital expenditure and no capital receipts were received, resulting in a balance of £3,500,128 being held at the end of the year.

6. Trust Funds – Box 11

The Council acts as Corporate Trustee for three Charitable Trusts. The Income & Expenditure for the year to 31st March 2018 for these trusts is:

	Income £	Expenditure £	Net Gain/(Loss) £
De Moulham Trust <i>Established in 1990 as a gift of land and holding of Trust land covenants</i>	0	0	0
James Day Trust (Day's Park) <i>Gift of pleasure grounds</i>	209	(616)	(407)
King George's Field <i>Deed of dedication entered into 5th May 1951</i>	0	0	0

Charitable Funds held by Trusts:

	Balance 1 April 2017 £	Net Contributions to/(from) Fund £	Balance 31 March 2018 £
De Moulham Trust	17,523	0	17,523
James Day Trust	407	(407)	0

7. Investments

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

Counterparty	Principal	Maturity Date	Rate
Lloyds Bank-	£1,219,605	n/a	0.05%
Standard Life Money Market Fund	£10,000	n/a	v
Federated Money Market Fund	£343,851	n/a	v
CCLA-Public Sector Deposit Fund	£50,000	n/a	v
Total Short Term Investments–(incl. in Box 8)	£1,623,456		
CCLA-LAMIT Property Fund	£2,500,000	n/a	v
Investec Diversified Income Fund	£1,000,000	n/a	v
M & G Strategic Corporate Bond Fund	£500,000	n/a	v
Covered Bond – Coventry Building Society	£364,240	19/04/2018	0.534%
Total Long Term Investments–(incl. in Box 9)	£4,364,240		
Total Investments held @ 31st March 2018	£5,987,696		

The Council held three short term investments at 31st March 2018 with the CCLA Public Sector Deposit Fund (a qualifying MMF), Standard Life Investments (MMF) and Federated Liquidity Fund (MMF). The investments held with the MMFs have a variable rate of return. All of the short term investments return the capital sum invested plus interest. It also held £1.2m in an interest bearing Lloyds commercial call account.

The Council continued to maintain its units held in the CCLA LAMIT property fund, valued at £2.5m in the Annual Return. Income from this investment has also remained strong. The council purchased shares in M&G Strategic Corporate Bond Fund (£500k) and Investec Diversified Income Fund (£1m) during the year increasing its long term investment portfolio. The Council continued to hold its covered bond with the Coventry Building Society, which is due to mature in April 2018.

8. Pension

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

For the three financial years, 2014/15 to 2016/17, the Council’s employer’s contribution was 16.5% of pensionable pay, plus a lump sum payment. Following an Actuarial Valuation by the scheme’s fund actuary, Barnett Waddingham, the rate payable for the next three financial years has been set at 22% of pensionable pay, with no lump sum payment. In 2017/18 the Council paid an employer’s contribution of £118,785 into the Dorset County Council superannuation fund (a total of £111,881 in 2016/17).

In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded to former employees who have retired early, together with the related increases. In 2017/18 these amounted to £2,916 (£2,520 in 2016/17).

9. Grants & Donations

The following grants and donations were issued under the General Power of Competence (GPC).

<i>General Power of Competence, Localism Act, 2011</i>	£
Swanage Pier Trust	25,000
Swanage & Purbeck Development Trust – Youth Centre	17,500
Swanage Town & Herston Football Club (Vodafone)	3,950
DCC – Swanage First School Crossing Patrol	3,103
Swanage & Purbeck Development Trust – Professional Fees	2,800
Swanage Area Dementia Friendly Community (Admiral Nurse)	2,500
Swanage Gymnastics	2,000
Purbeck Citizens Advice Bureau	1,000
Purbeck Film Festival	1,000
Swanage Regatta & Carnival Committee	750
Blues Roots & Blues Festivals	600
Life Education Wessex	590
Purbeck Art Weeks	500
Purbeck Outdoor Weekend	500

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Swanage Stroke Club	318
Dorset Blind Association	300
Swanage Pier Trust (Pirate Festival)	300
Kingston Country Fair	232
Total	62,943

10. Audit Fees

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

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

2016/17		2017/18
£		£
2,400	Fees payable to the external auditor appointed by the SAAA	2,800
0	Adjustment on previous years audit fees	0
2,400		2,800

11. Items for Consideration

Any events after the year end, 31st March 2018, have been considered up to the date of the Annual Return, 30th May 2018. There are no items to report which may have an effect upon the Annual Return.

On 30th January 2017 Council agreed in principle to a calculation of its losses as a result of the closure of the Boat Park to facilitate the construction of the new lifeboat station in the region of £134,750. Both parties have agreed in principle to offset the Council's loss of income against the RNLI's expenditure of approximately £136,250 on the construction of an extension to the fisherman's jetty and other improvements at Peveril Point. Whilst no further communication is anticipated on this issue, the matter remains formally unresolved.