

SWANAGE TOWN COUNCIL



Financial Review Year Ended 31st March 2020

Contents

1. Introduction and Overview
2. Financial Review
 - Revenue Account/Service Provision
 - Capital Programme and Planning
 - Treasury Management
 - Earmarked Reserves
3. Accounting Statements
 - The Annual Return
 - Accounting Policies
4. Supplementary Information in Support of the Annual Return
 - Income & Expenditure
 - Bank Reconciliation
 - Reconciliation of Reserves to Cash
 - Tangible Fixed Assets and Long-Term Investments
 - Long-Term Borrowing
 - Notes

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1. Introduction & Overview

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

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

2. Financial Review

Revenue Account/Service Provision

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

Service	Net Expenditure	Budgeted Net Expenditure	Variance
Car Parks	(389,636)	(283,025)	(106,611)
Boat Park	(27,366)	(20,585)	(6,781)
Public Conveniences	131,265	150,750	(19,485)
Cemeteries	(18,027)	(13,010)	(5,017)
Parks and Operations (incl CCTV)	547,456	551,710	(4,254)
Beach Gardens	4,797	18,945	(14,148)
Beaches/Foreshore	49,436	60,475	(11,039)
Beach Chalets/Bungalows	(88,369)	(39,905)	(48,464)
Publicity/Tourism	170,462	176,465	(6,003)
Allotments	(6,905)	(5,005)	(1,900)
General Buildings (inc. Caravan park)	(74,103)	(45,140)	(28,963)
Central services to the public	330,535	352,880	(22,345)
Democratic & Corporate Management	43,680	53,500	(9,820)
Grants & Donations	25,274	18,980	6,294
Net Cost of Services	698,499	977,035	(278,536)
Interest payable and similar charges	5,439	5,700	(261)
Interest and investment income	(207,931)	(150,000)	(57,931)
Net Operating expenditure	496,007	832,735	(336,728)
Other Movements on the General Fund	655,005	164,500	490,505
Amount to be financed:	1,151,012	997,235	153,777
Financed by:			
Grants/Donations	(136,932)	0	(136,932)
Community Infrastructure Levy	(95,063)	0	(95,063)
Precept on Dorset Council	(718,030)	(718,030)	0
Total Financing:	(950,025)	(718,030)	(231,995)
(Surplus)/Deficit for the Period	200,987	279,205	(78,218)

FINANCIAL REVIEW 2019/20

During 2019/20 the net expenditure on Town Council services, taking into account all revenue income and expenditure, was £496,007. The Council also funded £78,471 of capital expenditure from its revenue account (see section on Capital Programme below) and has transferred a net sum of £576,534 to earmarked reserves to fund the improvements to Council assets set out in the long-term Capital Programme. Given that the Council received a total of £718,030 in Precept, together with grants, donations and other contributions of £231,995, this has resulted in a deficit on the General Fund for the year of £200,987.

The Town Council has three principal sources of income: the Council Tax Precept, car parking revenue and investment income. During 2019/20 these together generated income of £1.49 million, compared to £1.51 million in 2018/19. Grant income and other financial contributions also made a significant addition to Council funds during the year, totalling £231,995. £136,932 of these external contributions related to funding from the MMO (Marine Management Organisation) for capital works carried out in 2018/19. This was financed from the general fund in that year and effectively replenished the general fund in 2019/20. Taken together, these four sources of income generated £1.7 million, 72 per cent of the Council's total revenue of just over £2.4 million.

A total of £718,030 was raised through the parish precept in 2019/20, unchanged from the previous financial year. Individual household bills increased marginally due to a very small decrease in the tax base for the second year in a row.

Car parking income was close to the original estimate, albeit down on the previous year. There was a decline of 6% in the number of summer car park users, which was perhaps not surprising given the exceptional weather of the previous summer season. The closure of the Sandbanks Ferry service between 12th July and 2nd November may also have contributed to this decrease. The significant budget variance is the result of the deferral of a resurfacing programme due to procurement difficulties.

The income from the Council's investments remained stable, once again significantly outperforming expectations, generating almost £58,000 more than budget. This is analysed further below in the Treasury Management section of this review.

On the whole, the Council's sources of seasonal income performed well against budget. As a result of this, together with underspends on many lines of expenditure, all of these budget headings performed better than forecast. Most strikingly, beach hut income was £15,000 in excess of budget despite the closure of a large section of the Spa. When combined with the deferral of works to replace the doors on the Shore Road beach huts this contributed a positive variance of almost £48,500 to the final out-turn.

Income from the beach was largely in line with budget expectations, but as a result of lower allocated wage costs the overall out-turn was positive, despite heavy expenditure on seaweed clearance. At Beach Gardens income was also on budget, the positive variance arising from lower than anticipated expenditure on wages, equipment purchases and hired services.

In only its second consecutive full year of operation since its re-opening, income from the boat park increased year-on-year, although it fell a little short of budget. This was more than offset by lower than anticipated spending on wages and business rates.

The Tourist Information Centre was operated within budget. Both expenditure and income increased year-on-year, although costs rose less than projected at budget setting.

In relation to community facilities, expenditure at the cemetery was once again under budget, due to lower than planned spending on hired services and repairs and maintenance. This offset lower than anticipated income from cemetery fees which was significantly reduced from the previous year. In respect of the allotments, income was largely as budgeted with expenditure on repairs and maintenance below budget. Spending on public conveniences was again significantly under budget, by £20,000. This was principally due to lower than anticipated expenditure on repairs and maintenance.

The Parks and Operations department is the largest budget, but produced a very small overall variance. Higher than anticipated employee costs and spending on new festive lights was largely offset by underspends on a range of budget headings. There was a larger variance in respect of the Downs and Miscellaneous Grounds due to the deferral of the Seymer Road wall repairs, resulting in a positive variance in excess of £20,000. The General Buildings budget generated a comparatively small positive variance, largely due to higher than anticipated rental income.

Central Services costs were also significantly below budget, by £20,000. Some relatively small overspends were offset by a significant underspend on employee costs. Spending on Democratic Representation and Management was largely in line with budget. Grants and donations made by the Council were higher than anticipated, further information being set out in section 9 of this report. This was more than offset by underspends on publicity and civic expenses. Community Infrastructure Levy receipts of £95,063 have been transferred to an earmarked reserve.

The overall combination of lower than anticipated operating expenditure and robust income streams has again enabled a much greater than anticipated contribution to be made to the Council's earmarked reserves, £412,000 more than budgeted. Of this sum £320,000 has been allocated to a separate 'committed expenditure - deferred' reserve in order to fund repairs and maintenance projects that were not completed in-year. The remaining reserve contributions will help to fund substantial expenditure required over the coming years to upgrade the town's infrastructure, including carrying out additional seafront stabilisation works. As at 31st March 2020 the General Fund Balance stood at £699,013, well within the range set out in the budget report approved by Council in January 2019.

Capital Programme and Planning

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

Table 1 below summarises the actual capital expenditure for the 2019/20 financial year and how this was financed.

FINANCIAL REVIEW 2019/20

Table 1: Capital expenditure and source of financing 2019/20

	Funded from Capital Receipts £	Funded from Earmarked Reserves £	Funded from General Fund £	External Funding £	Total Cost £
Land & Buildings					
Public Conveniences - North Beach (WIP)	14,264	-	-	-	14,264
Fishermen's Huts, Slipway & Jetty	26,156	-	78,471	-	104,627
Bandstand	57,604	30,517	-	125,387	213,508
					-
Vehicles, Plant & Equipment					-
Iseki Mower-TXG237	-	10,000	-	-	10,000
Nissan Navara-HJ69 CZU	-	23,847	-	-	23,847
Nissan eNV200	-	20,418	-	-	20,418
IT Equipment	-	11,836	-	-	11,836
TOTAL	98,024	96,618	78,471	125,387	398,500

Land & Buildings

Public Conveniences- North Beach: This project was initially procured through the Dorset Council Repairs, Maintenance, Minor and Small Capital Projects Framework Agreement, Lot 11. The works involve creating a single pod toilet and storeroom on the side of the HM Coastguard building situated in North Beach Car Park. Works were initially expected to be finished by March 2020; however, these have overrun into 2020/21 and as such are treated as an Asset Under Construction, pending completion. To date, £14,264 has been paid to Blacknoll, the contractor, with an expected final cost of £17,508.

Fishermen's Huts, Slipway and Jetty: Council awarded the contract for works to Teignmouth Maritime Services (TMS) in July 2018 and Dorset Property were contracted as the contract administrator, with fees set at 5% of the contract sum. The vast majority of works were completed in the 2018/19 financial year, with costs of £352,224 having been incurred in that year. Works were completed in May 2020 by the contractor, with a final contract sum of £435,128 being attributed to the project. During the 2019/20 financial year £57,433 was paid to the contractor and provision made for a further £44,066 which is being held as a retention fee and is to be paid at the end of the rectification period. A final payment of £3,128 was also paid to Dorset Council Property Services, £21,756 in total, 5% of the contract sum. Total project costs are £456,884.

The Council is receiving grant funding from the European Maritime and Fisheries Fund (EMFF) via the MMO for 75% of the construction cost, with the full costs payable up front by the Council. The Council has paid a total of £391,062 to TMS and £21,756 to Dorset Property to date and has received £250,221 of grant funding. A final submission for £92,442 will be made once the retention fee has been paid to the contractor.

Although the grant funding has been approved for the project, the Council is required by the *Practitioner's Guide* to show grant funding in the year of receipt (rather than matched against expenditure). As such, all expenditure that is due to be met from the EMFF Grant (75% of costs) in the

current financial year is shown as being financed from the General Fund due to the timing of the works and the grant receipt crossing two financial years. This expenditure, £78,471, will be replenished on receipt of the grant funding. Grant funding of £13,947 is also pending from expenditure incurred in 2018/19, with a total of £92,442 due from the MMO.

Bandstand: This project included the installation of a new bandstand structure and works to the foundations and pathways surrounds of the bandstand and as such was split into two contracts. The contracts were awarded in March 2019 to Lost Art and JFY Construction, respectively. Dorset Property Services were also appointed as the contract administrator for the project.

Works were completed on the foundations and surrounds in July 2019, at a certified valuation of £102,766 and the final works were completed on the bandstand structure in January 2020 at a certified valuation of £102,620. Costs of £8,122 have been charged by Dorset Council. The Council has contributed £57,604 from its capital receipts reserve (UCRR) and £30,517 has been met from the FJ Grace Will Trust reserve that was held by the Council. Friends of Swanage Bandstand, a local fundraising charity, has contributed £125,387 towards the cost of the project.

Vehicles, Plant and Equipment

Iseki Mower: Council approved the procurement of an Iseki Ride-on-Mower & Mulcher, following a recommendation made by the General Operations Committee in April 2019. The purchase of this equipment has been financed from the vehicle and plant replacement reserve at a cost of £10,000.

Nissan Navara: Council approved the purchase of a Nissan Navarra 4WD vehicle in September 2019. The vehicle was financed from existing earmarked reserves at a cost of £23,847.

Nissan eNV200 Acenta: Council approved the purchase of a Nissan eNV200 panel van in September 2019. As with the other vehicles, this van was financed from the vehicle and plant replacement reserve at a cost of £20,418.

All funds raised from the disposal of the old vehicles/plant have been appropriated to the earmarked reserve in order to replenish balances held.

IT Equipment: Following a procurement exercise, Council approved the purchase of new IT Equipment. This was installed in February 2020 and old equipment was disposed. The cost of £11,836 has been met from the Council's IT equipment earmarked reserve.

Capital Grants

The Council approved the payment of two capital grants in the year. The first grant was issued to Swanage Bowling Club to install new pathways surrounding the bowling green at Beach Gardens. The sum of the grant was £33,184. The Club now operate the bowling green under a full repairing lease.

Council also approved a grant to the Swanage & Purbeck Development Trust, for a sum of £14,400. This funding is to facilitate the development of a Days Park Sports and Social Centre. Both grants were financed from the Council's UCRR.

Treasury Management

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

The Council continues to maintain its objective of the security of capital over yield, within the parameters as set out in the Treasury Management Strategy Statement 2019/20 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 2019/20 financial year, utilising accounts with Lloyds Bank, Term Deposits with the UK Debt Management Office, Money Market Funds and pooled funds.

Short-term investment activity has been minimal during the year, with movements of cash equivalents being the main activity. In line with the investment strategy, cash has been moved from unsecured bank deposits to more secure term deposits with the UK Government. This has, towards the latter end of the year, resulted in low interest rates as the impact of Covid-19 was felt by markets. An average yield of 0.31% was being realised at the end of the financial year on short-term investments.

With regards to long-term investments (strategic investments) the Council continued to maintain the units held in the CCLA LAMIT property fund, the Ninety-One (ex Investec) Diversified Income Fund and the M&G Strategic Corporate Bond Fund. In accordance with the *Practitioner's Guide*, long-term investments are recorded in the asset register (and included in Box 9 of the AGAR section 2) at the original cost of acquisition this being £2.5m, £1m and £0.5m respectively. In recognition of the fact that the value of long-term investments will change over time, the market value of the long-term investments held by the Council are noted in the Fixed Asset Register. For the three long term investments held by the Council these are £3.06m, £0.88m and £0.45m at 31st March 2020, a total of £4.39m, with unrealised gains of £0.39m overall.

In terms of income generation these funds have continued to perform well and above estimate, realising an annualised yield of 4.24%, 4.13% and 3.66% respectively, based upon market value rather than book value.

The net return on the Council's investments had been estimated at £150,000, with an actual outturn of £207,931 being realised at year end. The variance realised in investment income is due to the non-redemption of units in the council's strategic investments and a higher than anticipated yield.

The Council's Annual Treasury Report 2019/20, which gives a more in-depth review, has been published separately. A summary of investments held at 31st March 2020 can be found on page 14.

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 capital programme and risk register. The Council's Reserves and Balances Policy was reviewed during the course of the year, as part of the process for setting the Council's budgets for the 2020/21 financial year.

FINANCIAL REVIEW 2019/20

During the course of the year, capital expenditure totalling £96,618 was financed from earmarked reserves with £54,265 financing the replacement of two vehicles and £11,836 being used to finance the replacement of IT equipment.

The FJ Grace Will Trust was depleted with the funds being held in the reserve, £30,517, being used to part-finance the capital works at the bandstand. This reserve will now be removed from the Council's list of earmarked reserves.

The Festive Lights Reserve was also depleted during the year, with Council having made the decision to hire, rather than purchase, the festive lights equipment. The balance of £16,191 that was held in the reserve was transferred to the general fund in order to offset the additional revenue expenditure incurred during the year. Two other movements to the general fund were transacted, with £88 being expenditure on the De Moulham Estate Back Roads and £1,370 being a grant from legacy Purbeck District Council to finance expenditure on signage in 2019/20.

In 2019/20 a contribution of £594,183 was made from the general fund to the various earmarked reserves against an original estimate of £164,500, a variance of £429,683. £320,000 of this variance is attributable to the placing of unspent committed expenditure into a reserve. It is anticipated that this fund will be exhausted in 2020/21. This reserve was established due to the deferment of high value revenue expenditure due to difficulties experienced in procurement during the year. If this expenditure is not met in 2020/21 the funds held in the reserve will be appropriated back to the general fund.

The Community Infrastructure Levy (CIL) Reserve also received further contributions of £95,063, which forms a part of the variance for the year. This reserve holds funds raised by Dorset Council from the CIL in order to meet expenditure in accordance with Community Infrastructure Levy Regulations 2010, Regulation 59C.

With an opening balance of £2,063,090 a net increase in the year of £479,916 has resulted in a balance of £2,543,006 being held at 31st March 2020. The majority of these reserves have been established to fund the Council's future capital programme. The notable exception being the unspent committed expenditure reserve.

The Council's Usable Capital Receipts Reserve (UCRR) saw a reduction of £145,608 in the year. £98,024 of this expenditure financed capital projects, with £14,264 being utilised to finance works on the public conveniences at North Beach car park, £26,156 part-financing the completion of works on the Fishermens' huts and slipway and £57,604 part-financing the works at the Bandstand. A further £47,584 was expended in the form of capital grant expenditure, with £33,184 and £14,400 being distributed to Swanage Bowling Club and the Swanage & Purbeck Development Trust respectively. The Council carries forward a balance of £2,514,051 in its UCRR into the next financial year.

A summary of the Council's reserves can be found on pages 12 to 14.

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 (AGAR) 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 AGAR. The AGAR consists of three sections and an Annual Internal Audit report:

Section 1 – Annual Governance Statement

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

Section 2 – Accounting Statements

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

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

Section 3 – External Auditor report and certificate

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

Annual internal audit report

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

Accounting Policies

Section 2 of the Annual Governance and Accountability Return summarises the Council's transactions for the 2019/20 financial year and its position at 31st March 2020. 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 2019 (England)*.

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

The Annual Return - Income & Expenditure				
2018/19			2019/20	
£	£		£	£
	1,375,858	<i>Reserves & Balances brought forward - Box 1</i>		1,622,749
		Income		
	718,030	<i>Precept - Box 2</i>		718,030
580,174		Rental, Interest & Investment Income	587,980	
646,497		Charges made for Services	639,834	
770,396		Other Income or Contributions	484,565	
477,529		Capital Receipts/Investments/Capital Grants	125,386	
	<u>2,474,596</u>	<i>Total Other Receipts - Box 3</i>		<u>1,837,765</u>
		Expenditure		
		<i>Salaries and Wages</i>		
(599,553)		Direct Service Costs	(725,935)	
(195,843)		Democratic, Management and Civic Costs	(211,338)	
	<u>(795,396)</u>	<i>Total Staff Costs - Box 4</i>		<u>(937,273)</u>
	0	<i>Loan interest/capital repayments - Box 5</i>		0
		<i>Other Costs</i>		
(767,958)		Direct service costs	(827,310)	
(59,939)		Grant and donations	(25,274)	
(152,752)		Democratic, Management and Civic Costs	(186,533)	
(1,169,690)		Capital Expenditure	(398,500)	
0		Capital Grants	(47,584)	
0		Long Term Investments	0	
	<u>(2,150,339)</u>	<i>Total Other Costs - Box 6</i>		<u>(1,485,201)</u>
	<u><u>1,622,749</u></u>	<i>Reserves & Balances carried forward - Box 7</i>		<u><u>1,756,070</u></u>

Bank Reconciliation for year ended 31st March 2020			
	£	£	Note
Bank Accounts			
Current	20,024		
Call Account	179,245		
<i>add</i>			
petty cash	550		
Total Cash and Bank		199,824	
Short Term Investments			
MMFs	750,000		
Term Deposits-DMADF	<u>950,000</u>		
Total Short Term Investments		1,700,000	6
Total Cash and Short Term Investments – Box 8		<u>1,899,824</u>	

Reconciliation of Reserves to Cash

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

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

2018/19 £		Note	2019/20 £
1,622,749	Box 7 - Balances carried forward		1,756,070
(117,457)	(-) Debtors	1	(139,853)
237,471	(+) Creditors	2	283,607
1,742,763	(=)Box 8 - Total cash and short term investments		1,899,824

Tangible Fixed Assets and Long Term Investments

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

FINANCIAL REVIEW 2019/20

	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 2019	6,905,498	540,280	17,105	36,590	352,224	600,000	8,451,697
Additions/Enhancements	318,135	66,101	0	0	14,264	0	398,500
Reclassifications	352,224	0	0	0	(352,224)	0	0
Donated Assets	0	0	0	4	0	0	4
Disposals	0	(59,971)	0	0	0	0	(59,971)
As at 31 March 2020	7,575,857	546,410	17,105	36,594	14,264	600,000	8,790,230
Long Term Investments- Cost							
As at 1 April 2019							4,000,000
Additions							0
Redeemed							0
As at 31 March 2020							4,000,000
Total Fixed Assets and Long Term Assets – Box 9							12,790,230

Schemes Under Construction

The total asset value at 31st March 2020 includes £14,264 relating to works being undertaken on the Public Conveniences in North Beach Car Park, which is classified as an Asset Under Construction.

Long Term Borrowing

2018/19		2019/20
£	Analysis of Loans - PWLB	£
0	Balance brought forward	0
0	Principal paid in year (<i>Box 5</i>)	0
<u>0</u>	Total Outstanding – Box 10	<u>0</u>

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

Notes

1. Debtors

2018/19		2019/20
£	Amounts falling due in one year :-	£
15,864	HMRC-VAT	14,027
96,529	Sundry Debtors	88,004
(14,595)	Provision for Bad/Doubtful Debtors	(16,800)
14,677	Payments in Advance	47,774
4,982	Stock	6,848
<u>117,457</u>	Total	<u>139,853</u>

FINANCIAL REVIEW 2019/20

The level of payments in advance was significantly higher in 2019/20 than the prior year. This was mainly due to uncertainties surrounding operations given the Covid-19 pandemic. As such payments that would usually be made in April 2020, such as insurance premiums, were made in March 2020 as there was uncertainty as to when the next batch of payments would be made. This decision was made in order to ensure continuity of service. There was also an increase in the provision for doubtful debtors in order to cover the balance of aged debts deemed doubtful at 31st March 2020.

2. Creditors

2018/19		2019/20
£		£
105,252	Sundry Creditors	154,423
132,219	Receipts in Advance	129,184
<u>237,471</u>		<u>283,607</u>

The value of creditors in 2019/20 includes provision of £44k for the retention fee for the capital works on the Fishermens' Huts and slipway and as such is significantly higher than level in 2018/19.

Movement of Reserves				
	Balance 1 April 2019	Net movement in year	Balance 31 March 2020	Note
	£	£	£	
General Fund	900,000	(200,987)	699,013	3
Earmarked Reserves	2,063,090	479,916	2,543,006	4
Usable Capital Receipts Reserve	2,659,659	(145,608)	2,514,051	5
Total	<u>5,622,749</u>	<u>133,321</u>	<u>5,756,070</u>	

This table details changes during the year in the Council's reserves. It provides opening and closing balances and details of any movements on the reserve. The total of the reserves held differs from the AGAR section 2 total in Box 7 due to the treatment of the £4m long term investments that the council holds in pooled funds. Following the *Practitioner's Guide*, when any Long Term Investments are entered into they are shown to be expensed through Box 6 thus reducing the total in Box 7. However, under statute this investment is not classified as capital expenditure and is merely a movement of cash from a short term investment to a long term investment and as such has not been shown as being expensed from a reserve.

3. The General Fund

2018/19 £		2019/20 £
946,278	General Fund Balance brought forward	900,000
939,053	Net Surplus or (Deficit) for Year	454,018
(164,795)	Financing Capital Expenditure	(78,471)
(820,536)	Transfers (to)/from Earmarked Reserves	(576,534)
<u>900,000</u>	General Fund Balance carried forward	<u>699,013</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 a decrease of £200,987 on the general fund in the year, comprising of a net surplus of £454,018 for the year, less the financing of capital expenditure of £78,471 and a net transfer from the general fund to earmarked reserves of £576,534.

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 Reserve	Balance 31/03/2019 £	Additions to Reserve £	Expenditure f'd from Reserve £	Balance 31/03/2020 £
Festive Lights	16,191	0	16,191	0
Vehicle & Plant Replacement	62,644	11,621	54,265	20,000
King Georges Play Area & Skate Park	73,017	10,000	0	83,017
Play Equipment-General Areas	178,904	10,000	0	188,904
Car Park Machines	11,748	7,500	0	19,248
Tennis Courts Refurbishment	0	0	0	0
Seafront Enhancement Scheme	1,034,558	99,999	0	1,134,557
Community Sea Defence Project	450,000	0	0	450,000
Public Conveniences	20,000	20,000	0	40,000
Beach Huts Reserve	30,000	15,000	0	45,000
Football Club Facilities	6,958	0	0	6,958
De Moulham Back Roads	33,336	0	88	33,248
Insurance & Contingency Reserve	40,000	0	0	40,000
Community Infrastructure Levy	47,347	95,063	0	142,410
FJ Grace Trust	30,517	0	30,517	0
IT Equipment Reserves	25,000	0	11,836	13,164
Mayors Chain	1,500	5,000	0	6,500
Grants/Donations	1,370	0	1,370	0
Committed Expenditure (Deferred)	0	320,000	0	320,000
Total	2,063,090	594,183	114,267	2,543,006

During the year a contribution of £594,183 was made to earmarked reserves from the General Fund, while £17,649 of revenue expenditure was financed from reserves, a net appropriation of £576,534. A further £96,618 of reserves was utilised to finance capital expenditure. This has resulted in a net increase of £479,916 in Earmarked Reserves.

5. Usable Capital Receipts Reserve (UCRR)

The UCRR holds the proceeds of the sale of fixed assets and can only be used in accordance with regulations. The Council utilised £98,024 during the course of the year to finance capital expenditure with a further £47,584 distributed as capital grants. No capital receipts were received, resulting in a balance of £2,514,051 being held at the end of the year.

2018/19		2019/20
£		£
3,500,128	Balance brought forward	2,659,659
0	Capital receipts	0
	Less:	
(840,469)	Capital receipts used for financing Assets	(98,024)
0	Capital Grants	(47,584)
<u>2,659,659</u>	Balance carried forward	<u>2,514,051</u>

6. 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-Call Account	£179,245	n/a	0.10%
UK Government-DMADF	£450,000	10/06/2020	0.18%
UK Government-DMADF	£500,000	01/06/2020	0.09%
Aberdeen Standard Money Market Fund	£500,000	n/a	v
CCLA-Public Sector Deposit Fund	£250,000	n/a	v
Total Short-Term Investments–(incl. in Box 8)	£1,879,245		
CCLA-LAMIT Property Fund	£2,500,000	n/a	4.24%
Ninety-One Diversified Income Fund	£1,000,000	n/a	4.13%
M & G Strategic Corporate Bond Fund	£500,000	n/a	3.66%
Total Long-Term Investments–(incl. in Box 9)	£4,000,000		
Total Investments held @ 31st March 2020	£5,879,245		

The Council held five short term investments at 31st March 2020. It held two investments in Money Market Funds, one with the CCLA Public Sector Deposit Fund (a qualifying MMF) and one with Aberdeen Standard. The Council also had two Fixed Term Deposits with the UL Government, Debt Management Office. The investments held with the MMFs have a variable rate of return, whilst the term deposits had interest rates of 0.18% and 0.09%. A further £179k was held in a Lloyds commercial call account. All of the short-term investments return the capital sum invested plus interest.

The Council continued to maintain its units held in the CCLA LAMIT property fund, the M&G Strategic Corporate Bond Fund and the Ninety-One (formerly Investec) Diversified Income Fund valued at £2.5m, £0.5m and £1m respectively in the Annual Return. This £4m is included in Box 9 on the Annual Return.

7. Trust Funds – Box 11

The Council acts as Corporate Trustee for three Charitable Trusts. The Income & Expenditure for the year to 31st March 2020 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>	750	(2,000)	(1,250)
James Day Trust (Day's Park) <i>Gift of pleasure grounds</i>	0	0	0
King George's Field <i>Deed of dedication entered into 5th May 1951</i>	0	0	0

Charitable Funds held by Trusts:

	Balance 1 April 2019 £	Net Contributions to/(from) Fund £	Balance 31 March 2020 £
De Moulham Trust	30,183	(1,250)	28,933
James Day Trust	0	0	0

The status of the James Day Trust is currently under review by the Council. In February 2018, Lloyds Bank closed the James Day Trust bank account which held a balance of £385. The Council is unable to hold in its bank account any monies that are not Council monies, and as such has been unable to deposit this sum, and cannot until such a time as the status of the Trust is properly determined. Discussion is also underway with regards to Lloyds Bank (Private Banking) retiring as the Trustee of the overarching James Day Will Trust from which income and expenditure has previously been transacted. Presently, a balance of £359 is owed to the bank. Again, however, until the status of the Trust is determined this balance will remain unpaid.

8. Pension

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

Following an Actuarial Valuation by the scheme's fund actuary, Barnett Waddingham, the rate payable for the three financial years 2019/20 to 2021/22 has been set at 22% of pensionable pay. In 2019/20 the Council paid an employer's contribution of £147,057 into the Dorset County Council superannuation fund (a total of £124,841 in 2018/19). 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 2019/20 these amounted to £2,377 (£2,726 in 2018/19).

9. Grants & Donations

The following grants and donations were issued during the 2019/20 financial year.

Grants & Donations		
<i>General Power of Competence, Localism Act, 2011</i>	£	£
Revenue Grants		
S.Town & Herston Football Club (Vodafone)	3,950	
DCC – Swanage First School Crossing Patrol	3,676	
Swanage Bowling Club	8,000	
Swanage & Purbeck Development Trust	1,920	
Purbeck Citizens Advice Bureau	1,000	
Burngate Stone Carving Centre	500	
Harlequin Care	250	
Purbeck International Chamber Music Festival	500	
Dorset Blind Association	300	
Swanage Regatta & Carnival Committee	500	
Life Education Wessex	550	
Purbeck Film Festival	500	
Walking For Health	500	
Purbeck Art Weeks	500	
Dorset Council-Durlston Shuttle Bus	500	
Swanage Jazz Festival	500	
Communicare Swanage	528	
Herston Village Hall	500	
Blues Roots & Blues Festivals	600	
		25,274
Capital Grants		
Swanage Bowling Club	33,184	
Swanage & Purbeck development Trust	14,400	
		47,584
Total		72,858

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.

2018/19		2019/20
£		£
2,800	Fees payable to the external auditor appointed by the SAAA	2,400
2,290	Adjustment on previous years audit fees	0
<u>5,090</u>		<u>2,400</u>

11. Items for Consideration

Any events after the year end, 31st March 2020, have been considered up to the date of the Annual Return, 3rd June 2020. There are no items to report which may have an effect upon the Annual Return.