

# SWANAGE TOWN COUNCIL



## Budget Report 2017/18

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## 1. Introduction and Budgetary Context

- 1.1 This report provides a commentary on the revenue budgets for 2017/18, together with planned capital expenditure and contributions to reserves and balances. The revenue budgets are set out in summary format in **Appendix A**. This is supported by the more detailed Estimates Book which has been circulated to Councillors, together with future projections until March 2020.
- 1.2 The broad context of this budget setting process is largely unchanged from recent years. Central government funding for local government continues to be reduced and, although the Town Council does not receive any direct government grant, the pressure is felt indirectly through proposed reductions in service by principal authorities. Interest rates remain at a historic low level, having been cut to 0.25% in August 2016. Likewise, the CPI measure of inflation remains low, at 1.2% in November 2016, although this is the highest since October 2014 and is projected to rise significantly over the lifetime of this budget.
- 1.3 As part of the local government finance settlement presented to Parliament on 15<sup>th</sup> December 2016, the government announced that it would not extend regulations in respect of referendums on excessive council tax rises to town and parish councils for the 2017/18 financial year. The Council could therefore increase its precept by more than 2% without having to hold a referendum. Once again, however, the government has not ruled out introducing this in future years and has urged precepting authorities to exercise restraint.
- 1.4 The Policy, Finance and Performance Management Committee considered a set of budget setting principles (see Table 1 below) at its meeting on 9<sup>th</sup> November 2016, and these have been incorporated in the draft budgets. The only exceptions to this are in relation to variations to the scale of charges recommended by council committees, and a revised level of employer pension contribution which is discussed below.

**Table 1. List of budget setting principles, agreed November 2016**

	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20
<b>Expenditure</b>			
Employee Costs	known	2%	2%
Pension-Employers Contribution*	16.5%	16.5%	16.5%
Inflation (CPI)	2%	2%	2%
Business Rates	2%	2%	2%
Utilities	2%	2%	2%
<b>Income</b>			
Fees & Charges (rounded to nearest £5)	2%	2%	2%
Council Tax Support Grant	-50%	Nil	Nil
Council Tax Precept	2%	2%	2%

- 1.5 The draft budgets incorporate any recommendations proposed by the Council's standing committees between September and December 2016. The Policy, Finance and Performance Management Committee considered the preliminary draft budget at its meeting on 14<sup>th</sup> December 2016 and recommended it for approval by the full Council at its meeting on 23<sup>rd</sup> January 2017.
- 1.6 Subsequent to that meeting, only two significant changes have been made to the revenue budgets. A reduction in the hours to be provided by the District Council's Economic Regeneration Officer, who acts as the Town Council's Project Development Officer, has resulted in that budget being revised down from £12,945 to £6,230. He will focus on leading the work of the Council's Sports Facilities Working party, and may also liaise with the Town Band in respect of plans for the bandstand and/or performance space.
- 1.7 The most significant change is the uplift in employer's pension contributions which, as a result of the triennial actuarial valuation of the pension fund will rise to 22% from 2017/18. This is the first valuation to be carried out under new government regulations. Whilst this is a considerable increase in the contribution rate there is no requirement for a one-off deficit payment as there was three years ago. Once that is taken into account, the increase is 1.8%. Enquiries have been made of the pension fund managers as to whether there will be further reform of the pension scheme which may reduce employer contributions. Although such reform is widely anticipated it will not take effect until the 2020s.
- 1.8 Members are asked to adopt the draft estimates, together with the scale of charges and priority capital programme, and to agree the precept to be charged to local residents for the 2017/18 financial year. The Policy, Finance & Performance Management Committee recommended that household bills be frozen, which will result in a 2.4% increase in total precept received as the result of a projected increase in the tax base.

## **2. Summary of 2016/17 Financial Year to date**

- 2.1 In April 2016 the total Council Tax precept was increased by 6.1%, generating an additional £39,420. As a result of an increase in the tax base household bills increased by the lower amount of 5%. This followed a freeze in household bills in April 2015. Together with the Council Tax Support Grant this generated £707,035 to support the Council's expenditure.
- 2.2 The Council's net operating expenditure is projected to be £399,745 compared to an estimate of £490,330. The most significant variations year to date are an increase in car parking revenue and deferred or reduced expenditure on cemetery maintenance, parks and operations, beaches and foreshore and central services. It is anticipated that a further £306,309 will either be appropriated to earmarked reserves or directly finance capital expenditure.
- 2.3 It is currently estimated that a surplus of £981 will be realised at year end, which would result in a balance on the general fund at 31<sup>st</sup> March 2017 of £807,439. Although this is well above the Council's risk assessed minimum level, it remains at the lower end of compliance with the *Practitioners' Guide*, which recommends that Councils should carry general reserves equivalent to a sum between three months' and one year's revenue expenditure.

### 3. Income Analysis

3.1 The following table summarises the Council's greatest sources of income during the last four full financial years, together with the probable out-turn for 2016/17 and the budget estimate for 2017/18. These headings, together with the precept and Council Tax Support Grant, account for approximately 90% of Council income. Despite an increase in car parking revenue, the income generated by the activities listed in the table is projected to have decreased by 2.7% in the current financial year. This is principally due to reduced investment income, lower property rental (see paragraph 3.4 below), and a projected reduction in the number of interments at Godlingston cemetery. This reduction is less than the 3.6% downturn anticipated at budget setting last year.

**Table 2. Budgeted sources of income with an average in excess of £5,000 2012/13 – 2017/18**

<b>Budgeted Sources of Income in excess of £5,000</b>	<b>12/13 Actual</b>	<b>13/14 Actual</b>	<b>14/15 Actual</b>	<b>15/16 Actual</b>	<b>16/17 Probable Out-turn</b>	<b>17/18 Estimate</b>
Car Parking (includes Co-Op net income; excludes market income)	520,979	526,774	504,902	540,131	<b>559,210</b>	534,495
Property Rental	197,460	200,755	189,955	197,705	<b>181,880</b>	185,555
Investment Income	166,667	172,200	182,237	181,272	<b>164,000</b>	169,000
Beach Huts	73,236	77,375	27,147	93,048	<b>92,470</b>	105,000
Cemetery Charges	29,153	43,706	32,342	45,303	<b>30,500</b>	33,000
Private Beach Hut Sites	15,166	15,866	16,334	16,684	<b>16,685</b>	17,035
Market Income	8,557	6,581	11,912	14,909	<b>14,535</b>	14,000
Putting Fees	16,006	15,296	15,135	12,686	<b>12,795</b>	15,000
Heritage Toilets	10,122	10,856	11,364	8,952	<b>9,580</b>	10,000
Beach Concessions	9,300	9,300	9,300	9,300	<b>9,300</b>	9,300
Fishermen's Huts	7,978	8,194	8,210	8,137	<b>9,180</b>	9,420
Bowls Fees	7,513	9,758	8,983	8,760	<b>8,955</b>	9,100
Allotment Rents	7,168	7,339	7,387	7,671	<b>7,700</b>	7,800
TIC net income from sales and commission	8,367	8,639	7,796	5,497	<b>7,375</b>	7,800
Tennis Fees	5,581	5,666	5,187	4,711	<b>4,640</b>	4,900
TIC Advertising Boards	8,621	8,400	6,917	6,870	<b>3,320</b>	6,000
Boat Park Fees	40,169	39,346	30,353	1,720	<b>35</b>	35,000
	<b>1,132,043</b>	<b>1,166,051</b>	<b>1,083,692</b>	<b>1,163,356</b>	<b>1,132,160</b>	<b>1,172,405</b>

3.2 At the Transport Committee meeting held on 16<sup>th</sup> November 2016, no significant changes were recommended to the Council's **car parking charges**. For a second year

visitor numbers improved in 2016, with revenue the highest since 2011. This suggests that an effective pricing structure is in place in traffic management terms.

- 3.3 The excellent late-summer weather boosted visitor numbers, returning to levels last seen consistently in the period 2009-11. However, factors such as the success of Swanage Railway as a park and ride option, extensive use of concessionary travel passes, the introduction of on-street parking on Shore Road and a growth in parking at the Pier mean that a downward trend in usage, and in income, may return in future years. The estimate for 2017/18 reflects a return to an average usage pattern.
- 3.4 Income from **property rentals** had remained stable through recent years, despite the economic downturn. This had been assisted by the leasing of additional properties such as the new Shore Road refreshment kiosk and the Town Hall Annexe. The lower out-turn for 2016/17 reflects the £29,000 p.a. reduction in ground rent for Swanage Bay View Holiday Park applicable from December 2015. Rent reviews on a number of properties and completion of the RNLI/Angling Club redevelopment at Peveril Point underpin the small increase projected for 2017/18.
- 3.5 **Investment income** has remained subdued in the ongoing ‘lower for longer’ interest rate environment. This has also been as a direct result of priority being given to security and liquidity over yield, in line with central government investment advice. Following consideration by the Policy, Finance and Performance Management Committee the Town Council agreed at its meeting on 28<sup>th</sup> November 2016 to amend its Treasury Management Policy to enable a greater proportion of its funds to be invested for a longer duration in order to increase yield in the medium term, which is reflected in the estimate for 2017/18. This decision was taken following a review of the timescale for capital projects and a reduction in risk further to the settlement of the holiday park indemnity claim.
- 3.6 Income from **beach hut bookings** remained static in 2016, significantly above the sum received prior to the construction of the new Shore Road beach huts, but still less than anticipated at that time. The Council has previously agreed that beach hut charges be left unchanged for the 2017 season in anticipation that income can be best increased by achieving higher rates of occupancy rather than putting up fees. Budgeted income for 2017/18 has been increased due to a marketing plan being developed by the new Visitor Services Manager and Business Development Officer. Arrangements for community groups to have access to a beach hut will be discussed at a future meeting.
- 3.7 No income was received from the hire of grid spaces at the **Boat Park** for a second year running due to its closure to facilitate the building of a new Lifeboat Station and Angling Club building. The lack of income from launch fees reflects the decision not to man the facility over the summer. Negotiations over compensation are ongoing with the RNLI, but these will reflect an offset against the work carried out by the RNLI to improve the western jetty. The budget for 2017/18 is below average for the most recent years that the park was fully functional, reflecting the possibility that users may not return after such a lengthy closure period.
- 3.8 Income from activities at **Beach Gardens** is largely stable. Putting income has levelled off, but remains 40% below levels seen in 2009/10. Income from tennis and bowls fees are also broadly stable, but both are down on the recent past. Income from

all three activities is projected to increase somewhat in 2017/18, due to a combination of increased marketing and investment in improved tennis facilities. The bowls income will largely reflect the outcome of ongoing discussions between the Town Council and Swanage Bowls Club regarding a potential lease of the Bowling Green.

- 3.9 Income from **Swanage Market** is marginally lower than that received in 2015, but remains higher than under the last years of operation by the previous licensees. In the longer term it may be that consideration should be given to changing market day from a Friday. The current licence has two years left to operate, and it is anticipated that income will remain largely unchanged over that period.
- 3.10 Stock sales, commission from ticket agency arrangements and payments for advertising boards outside the **Tourist Information Centre** have all declined over recent years. In the current year the sharp decline in advertising board income is as a result of the boards being removed over winter 2016/17 whilst refurbishment works are undertaken at the TIC building on Shore Road. It is currently proposed that these will be replaced when the building reopens for the 2017 season. It is anticipated that income from stock sales will increase as the refurbishment will provide a more inviting environment and more opportunities to display merchandise.
- 3.11 Total income from **private beach hut site rents, allotment charges, and the rental of fishermen's huts** is directly determined by the Council's policy on increasing fees and charges. Following a freeze in 2016/17, a 2% increase is projected for 2017/18. This decision will also impact on **cemetery charges**, although total income is obviously determined by factors outside of the Council's control.
- 3.12 In total the revenue generated from the activities listed in Table 2 is predicted to increase by £40,245 in 2017/18, a rise of 3.5%. Thus, whilst the outlook for the Council's most significant income streams is not altogether healthy, with a decline possible in car parking revenue and only a modest increase predicted in investment returns, it is anticipated that this will be offset by increased income from the Council's other activities.
- 3.13 In looking to **future opportunities** to raise additional revenue the newly appointed Visitor Services Manager and Business Development Officer will begin to explore possibilities during the 2017/18 financial year.

#### **4. Expenditure Analysis**

- 4.1 The following table summarises the Council's greatest revenue costs during the last four financial years, together with the 2016/17 probable out-turn and the 2017/18 budget estimate. These headings account for approximately 75% of Council expenditure. These costs fell by 11.4% between 2009/10 and 2011/12, largely due to reduced staffing levels, and remained largely stable for the following three financial years. However, they are projected to have increased by 14.4% in the current financial year, almost entirely due to staff vacancies having been filled (although the salaries budget is still projected to be underspent by approximately £26,650) and exceptionally high expenditure on one-off items of repairs and maintenance. On the whole, the majority of the Council's largest items of expenditure have remained static, with the key exception of the introduction of annual funding of The Centre via a grant to the Swanage and Purbeck Development Trust.

**Table 3. Budgeted Expenditure in excess of £15,000 2012/13 - 2017/18**

<b>Cumulative Budgeted Expenditure in excess of £15,000</b>	<b>12/13 Actual</b>	<b>13/14 Actual</b>	<b>14/15 Actual</b>	<b>15/16 Actual</b>	<b>16/17 Probable Out-Turn</b>	<b>17/18 Estimate</b>
Employment Costs	677,647	714,374	708,682	688,201	<b>753,350</b>	855,135
Repairs and Maintenance	150,911	84,539	110,913	126,420	<b>194,460</b>	121,025
Business Rates	104,182	107,939	105,349	126,890	<b>127,585</b>	130,120
Utilities	55,583	64,911	71,237	65,634	<b>65,050</b>	65,025
Public Convenience Cleaning and Toilet Requisites	60,340	59,965	59,995	59,390	<b>59,300</b>	61,575
Car Parks Cash Collection/Security	21,974	26,172	27,128	26,652	<b>26,500</b>	27,000
Insurance	29,241	28,069	19,872	21,394	<b>22,810</b>	23,000
Legal and Professional Fees	26,704	36,189	25,353	20,860	<b>22,000</b>	22,000
Youth Centre Grant					<b>20,000</b>	17,500
RNLI Lifeguards					<b>17,425</b>	22,000
Refuse Disposal	16,913	18,077	13,836	13,394	<b>13,500</b>	19,000
Seaweed Removal & Beach Raking	20,950	8,695	16,045	15,190	<b>10,000</b>	19,000
<b>Total Expenditure</b>	<b>1,164,445</b>	<b>1,148,930</b>	<b>1,158,410</b>	<b>1,164,025</b>	<b>1,331,980</b>	<b>1,382,380</b>

4.2 The Council's largest item of expenditure is **employment costs**. The post list for 2017/18 was agreed by the Personnel Committee on 31<sup>st</sup> October 2016. A comparison of the probable out-turn for this year with the budget for next year shows an increase of £101,785 in the salaries and wages bill. This significant increase reflects a number of factors, the most important amongst which are the creation of the new Visitor Services Manager post and amended TIC staffing structure; increased membership of the pension scheme and increased employer pension contributions (as described in paragraph 1.7 above); an annual pay rise of 1%; and the making of a number of seasonal posts at the Depot into permanent positions.

4.3 In 2016, for the first year, **RNLI lifeguards** patrolled Swanage beach as an alternative to the Council's own beach wardens. The Council agreed a virement in-year to transfer funds from the beaches and foreshore wages budget to a new budget line for the lifeguard service. At its November meeting the Tourism Committee agreed that lifeguards should continue to be deployed in 2017/18, albeit from a new base to the north of the Victoria Avenue jetty. The cost of the service is likely to rise if the Council accepts the RNLI's proposal to increase the number of lifeguards from two to three for the peak summer season. Doing so would enable deployment of a jet-ski patrol as a deterrent to speeding watercraft in the bay. The total figure of £22,000 remains broadly in line with the previously estimated cost of £24,000 for beach wardens and therefore does not require any increase in budgeted expenditure.

4.4 Planned **repairs and maintenance** costs for the current financial year are significantly higher than last year, as mentioned in paragraph 4.1 above. However,



this figure will always fluctuate dependent on the works scheduled, and these are anticipated to reduce in scale in 2017/18. The one-off items that have been requested for inclusion in the budgets by the Operations Manager, totalling £110,500, are set out at **Appendix B** for Members' approval.

- 4.5 **Business rate** payments to Purbeck District Council rose significantly in 2015/16 as a result of the valuation of the new Shore Road beach huts and public conveniences. A further increase is anticipated in 2017/18 due to the revaluation of rateable values in England and Wales. At the time of writing this report little information is available to determine the impact on actual business rate bills for individual Town-Council owned properties, although the rateable values of the Council's car parks have increased significantly. Although initial calculations suggest the Council's total business rate payments might rise by £30-40,000, this appears likely to be mitigated by a system of discounts and transitional relief.
- 4.6 As reported last year, the National Association of Local Councils continues to lobby central government to exclude public conveniences from the payment of business rates. Were this to be successful it would save the Town Council approximately £16,000 p.a. on current rateable values, equivalent to a 2.3% increase in the precept.
- 4.7 Since 2011 the Town Council has procured **gas and electricity** through the LASER energy buying group, and this has been very effective with minimal increases in cost per kWh having been realised. Some of the increase in costs shown in the table above is as a result of increases in usage by third parties, which is then recharged by the Town Council. Increased water consumption in the larger seafront public conveniences is another factor, having risen by £3,000 in the last two years.
- 4.8 The benefits of robust procurement processes can be seen in a number of the items listed in the table above. New contracts for **public toilet cleaning** and **insurance** have led to significant savings and both items are currently being re-tendered for the next three-year period.
- 4.9 As in recent years, **legal and professional fees** are projected to remain a significant cost for the Council whilst the backlog of outstanding legal agreements is addressed. Advice in respect of Panorama Road has added to these costs this year. Reductions are likely in future financial years, although this will to some extent be influenced by factors outside of the Council's control.
- 4.10 The costs of **car park cash collection and security** are stable, having increased somewhat in recent years as a result of the removal of the credit card payment facility. This in fact represents an overall saving to the Council as cash processing is a cheaper option, and the reduction in credit card costs is in excess of the increase in cash processing costs. There is potential for the cost of this service to be reduced, possibly through a joint procurement exercise with nearby councils.
- 4.11 Costs for **seaweed clearance** and **refuse collection** are kept under review by the Operations Manager and it is proposed that a market testing/tender exercise be carried out for the forthcoming financial year.
- 4.12 As in previous years a sum of £10,000 has been allocated for **Grants, Donations and Contributions to Partner Organisations** in the draft budgets. Since the Town

Council's adoption of the General Power of Competence in 2016 these are no longer made under Section 137 of the Local Government Act 1972. A schedule of grant requests received has been circulated to Members with the agenda papers for the estimates meeting.

- 4.13 A separate budget line has been inserted in relation to payments made for the provision of services by third parties, such as funding for the school crossing patrol at Swanage Primary School (Mount Scar) and the grant to the Swanage and Purbeck Development Trust to support the continuation of the youth service. The cost of the school crossing patrol is estimated as £2,500 and Members are asked to confirm their willingness to continue funding of this service for 2017/18. Removing this from the grants and donations budget, but leaving that unchanged, represents a 33% increase in the availability of grant funds to other local organisations.
- 4.14 Overall, the expenditure set out in Table 3 above is expected to increase by £50,400 (3.8%) in 2017/18. This is driven largely by the increase in employment costs explained in paragraph 4.2 above. In order to control its costs and realise further savings it is recognised that the Council will need to continue to devote resources to procurement exercises and partnership working. This is particularly urgent in respect of car parks cash collection. Staff posts will also continue to be reviewed as and when they fall vacant. Members are asked to raise with officers any suggestions for areas to review, in order to identify future savings.

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

- 5.1 The Town Council has an obligation to ensure 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 funds received from the disposal of the Holiday Park and other assets such as Herston Public Conveniences), the Council has established the following earmarked reserves:
- Festive Lights
  - Vehicle and Plant replacement
  - King George's Play Area and Skate Park equipment replacement
  - Forres Field changing facilities
  - General Play Equipment replacement
  - Car Park Machine upgrade
  - Tennis Court refurbishment (to receive contributions from STC and Swanage Tennis Club)
  - Repairs and Renewals Fund
  - De Moulham Estate Service Road maintenance
  - Public conveniences refurbishment
  - I.T. equipment replacement
  - F.J. Grace will trust (for public amenities in Swanage)
  - Community Infrastructure Levy
  - Insurance and contingency reserve
- 5.2 These reserves contained £1,128,273 as at 31<sup>st</sup> March 2016 and it is proposed that a contribution of £75,710 be made in the current financial year, £1,100 less than anticipated a year ago. This includes £5,000 to establish a reserve to fund future

repairs to the Shore Road Beach Huts. The three-year capital programme shows £328,000 being spent from these reserves by 31<sup>st</sup> March 2020.

- 5.3 During 2016/17 £1,710 has been received from the District Council under the Community Infrastructure Levy on new development. Sums in this reserve must be spent within five years on either the provision, improvement, replacement, operation or maintenance of infrastructure; or anything else that is concerned with addressing the demands that development places on this area.
- 5.4 A **schedule of estimated capital expenditure for the years 2017/18 – 2019/20**, has been provided as **Appendix C (i)**, having been considered in detail by members of the General Operations Committee at a workshop held on 2<sup>nd</sup> December 2016. The total of programmed works is estimated at £2.3 million over the next three financial years, with a further £1.18 million in future years.
- 5.5 The refurbishment of the toilet block at Main Beach car park, the installation of an artificial playing surface at the bowling green at Beach Gardens, a grant towards improvements at Swanage and Herston Football Club's ground at Day's Park, and the relocation of the Depot have been identified for inclusion on **the priority capital programme for 2017/18**, as set out at **Appendix C (ii)**. Members are asked to approve this together with **the schedule of estimated capital expenditure for 2017/18-2019/20**. This will authorise the Operations Manager to work up priority schemes and bring them forward for final approval during the forthcoming financial year.
- 5.6 The Council will need to keep under review the best means of funding its capital programme, especially as it does not include any fully considered estimate of any stabilisation/improvement works to Sandpit Field/Spa/Weather Station Field, or the next phases of the public convenience replacement programme which will be considered at a forthcoming meeting of the Public Conveniences working party. If the Council wishes to preserve a proportion of the Usable Capital Receipts Reserve as an investment fund then it may have to consider borrowing or the disposal of an asset to fund such works in the future.

## 6. Precept and General Fund Balance

- 6.1 Under section 50 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, the *Practitioner's Guide for Town and Parish Councils* states

that it is generally accepted that councils should carry general revenue reserves of between three and twelve months of gross expenditure. On the basis of current projections for 2017/18 this would be a sum between £472,000 and £1.9 million.

- 6.3 This figure has also been subjected to a risk assessment (see **Appendix D**), which suggests that £370,845 of revenue funds may be called upon in a worst case scenario during the financial year. Although many risk factors are low, in the current economic climate it remains of utmost importance that the Council's financial position is robust enough to withstand any unforeseen shocks.
- 6.4 In calculating the precept required to meet the obligations set out in paragraph 6.1 above, the situation was complicated three years ago by the reduction of the tax base and introduction of a Council Tax Support Grant (CTSG) as a compensatory measure, payable by the District Council out of a grant from central government. Further information regarding the tax base and precept levels can be found in **Appendix E**.
- 6.5 The draft budgets incorporate the freeze in individual household bills recommended by the Finance and Performance Management Committee in December, resulting in a 2.4% increase in total precept due to an increase in tax base, as shown in **Appendix F**. This increase will generate an additional £16,470, offsetting the reduction in Council Tax Support Grant and helping to fund anticipated inflationary increases in the Council's costs during the forthcoming year.
- 6.6 From 2018/19 onwards 2% per annum increases in total precept are projected, in line with the Council's existing Medium Term Financial Strategy. This would facilitate continued contributions to earmarked reserves and funding for the Council's capital programme, whilst also maintaining an anticipated general fund balance within the recommended range set out in paragraph 6.2 above. This will be reviewed as part of each annual budget setting process.
- 6.7 Members are asked to **adopt the Draft Estimates and set a precept level for 2017/18**.

Martin Ayres - Town Clerk and Responsible Financial Officer  
January 2017

## Appendix A

### Summary of Estimates 2017/18 to 2019/20

#### Income & Expenditure Account Summary

	2016/17 (Revised Out-turn)	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20
<b>Expenditure</b>				
Employees (all areas)	753,350	850,135	862,890	875,825
Rates (all areas)	127,585	130,120	132,740	135,400
Utilities (all areas)	65,050	65,025	66,475	67,975
Repairs & Maintenance (all areas)	194,460	121,025	81,385	83,870
Car Parks	205,560	216,040	210,790	212,660
Boat Park/Fishermen's Huts	1,520	1,600	1,700	1,800
Public Conveniences	66,525	69,520	69,785	70,050
Cemeteries	8,900	24,750	6,150	6,400
Parks & Operations	85,380	122,625	81,915	83,730
Beach Gardens	6,695	20,685	9,770	10,195
Beaches & Foreshore	34,985	51,000	51,950	52,900
Beach Bungalows	2,640	3,665	3,820	3,975
TIC	33,120	38,850	35,625	36,500
Allotments	625	860	895	930
Corporate & Central	156,270	153,630	153,370	149,150
Misc	2,605	10,420	430	440
Interest Payable & Bank Charges	5,800	6,000	6,100	6,200
<b>Total Expenditure</b>	<b>1,751,070</b>	<b>1,885,950</b>	<b>1,775,790</b>	<b>1,798,000</b>
<b>Income</b>				
Investment Interest	164,000	169,000	141,000	140,000
Car Parks	740,535	725,435	728,010	732,645
Boat Park/Fishermen's Huts	9,215	44,420	47,560	48,750
Public Conveniences	12,180	12,650	12,700	12,750
Cemeteries	30,940	33,440	34,100	34,790
Parks & Operations	96,605	90,160	90,350	90,540
Beach Gardens	29,350	32,260	32,675	33,120
Beaches & Foreshore	51,395	52,195	52,585	52,985
Beach Bungalows	93,545	106,115	116,645	118,975
TIC	13,545	17,210	17,630	18,005
Allotments	7,700	7,800	7,900	8,000
Other Buildings (inc C Park)	70,100	70,500	70,550	70,600
Corporate, DRM & Central	22,515	15,975	16,160	16,350
Misc	9,700	9,820	9,830	9,840
<b>Total Income</b>	<b>1,351,325</b>	<b>1,386,980</b>	<b>1,377,695</b>	<b>1,387,350</b>
<b>NET OPERATING EXPENDITURE</b>	<b>399,745</b>	<b>498,970</b>	<b>398,095</b>	<b>410,650</b>

<b>Capital Expenditure Summary</b>				
	<b>2016/17 (Revised Out-turn)</b>	<b>Estimate 2017/18</b>	<b>Estimate 2018/19</b>	<b>Estimate 2019/20</b>
Capital Expenditure	302,444	1,420,000	360,000	95,000
Expenditure capital in nature	0	125,000	0	0
<b>Total Expenditure</b>	<b>302,444</b>	<b>1,545,000</b>	<b>360,000</b>	<b>95,000</b>
<b>To Be Financed by:</b>				
Usable Capital Receipts Reserve	2,947	1,280,000	110,000	0
Earmarked Reserves	48,063	140,000	45,000	95,000
Grants/Contributions	20,835	55,000	0	0
Contributions from the General Fund	230,599	70,000	205,000	0
<b>Total Financing</b>	<b>302,444</b>	<b>1,545,000</b>	<b>360,000</b>	<b>95,000</b>
<b>Summary - All Income and Expenditure</b>				
<b>Expenditure</b>				
Service Provision - I & E Account	1,751,070	1,885,950	1,775,790	1,798,000
Capital expenditure	302,444	1,545,000	360,000	95,000
Total Expenditure	2,053,514	3,430,950	2,135,790	1,893,000
<i>less:</i>				
<b>Income</b>				
Income from Services - I & E Account	1,351,325	1,386,980	1,377,695	1,387,350
Capital Receipts	0	0	0	0
Total Income	1,351,325	1,386,980	1,377,695	1,387,350
Net Expenditure to be financed	702,189	2,043,970	758,095	505,650
<i>Add:</i>				
<b>Movements Required on Reserves</b>				
Net transfer to Earmarked Reserves	75,710	118,500	108,500	30,600
Increase/(Decrease) in the General Fund	981	26,255	6,435	291,140
<b>Total Financing Required</b>	<b>778,880</b>	<b>2,188,725</b>	<b>873,030</b>	<b>827,390</b>
<b>Financed by:</b>				
Precept	687,480	703,950	718,030	732,390
CTSG	19,555	9,775	0	0
Capital Grants/Contributions	20,835	55,000	0	0
Capital Receipts	2,947	1,280,000	110,000	0
Earmarked Reserves	48,063	140,000	45,000	95,000
	<b>778,880</b>	<b>2,188,725</b>	<b>873,030</b>	<b>827,390</b>

## One-Off/Extraordinary Revenue Expenditure 2017/18

<u>Service Area</u>	<u>Project</u>	<u>Estimated Cost</u>	<u>Notes</u>
<b>The Downs Cemeteries</b>	Wall Stabilisation and Tree works	20,000	Awaiting report from the Tree Officer
	Memorial Inspections plus database	12,000	Brought forward from 16/17
<b>Panorama Road &amp; Quarry Close Sandpit Field, Weather Station and Spa</b>	Tree Works - Pollarding	3,000	
	Renew fence line and Wild Flower Seeding	2,500	
	H & S Works	10,000	
<b>Peveril Point Shelters</b>	Path Resurfacing	7,000	
	Engineers report/Stabilisation Survey	10,000	Brought forward from 16/17
<b>Beach Gardens</b>	Road repairs, signage and line markings	10,000	
<b>CCTV</b>	Repairs to beach shelters	8,000	
<b>All buildings</b>	Tree works-pollarding	5,000	
<b>Days Park</b>	Additional Cameras	4,000	
<b>Beach Gardens</b>	Landlords electrical safety certificates	6,000	
	Tree works-pollarding	2,000	
<b>Heritage Toilets</b>	Tennis Court Cleaning Equipment	4,500	
	Court Cleaning 3,4,5 & 6	2,500	
	Roller Shutters	4,000	
		110,500	

## Appendix C (i)

<b>Capital Programme 2017/18 - 2019/20</b>						
<b>Schemes</b>	<b>Probable 2016/17</b>	<b>Estimate 2017/18</b>	<b>Estimate 2018/19</b>	<b>Estimate 2019/20</b>	<b>Total</b>	<b>Estimate - Future Years</b>
	£	£	£	£	£	£
<b>IT Equipment</b>			20,000		<b>20,000</b>	
<b>Car Parks</b>						
Ticket Machines		50,000			<b>50,000</b>	
<b>Beach Gardens</b>						
Resurfacing Courts 4 & 5	23,125				<b>23,125</b>	
Bowling Green and Tennis Court - Astroturf	38,290	110,000			<b>148,290</b>	
Bowling Green - Reconstruction of Surround			50,000		<b>50,000</b>	
Replacement of Shed/Out Building		15,000			<b>15,000</b>	
<b>Public Conveniences</b>						
<b>Heritage Toilets</b>						
Paddlegate Entry System			25,000		<b>25,000</b>	
Handwash/dryer System	15,000				<b>15,000</b>	
<b>Main Beach</b>						
Refurbishment		85,000			<b>85,000</b>	
<b>King Georges Field</b>						
Skate Park Equipment	12,660				<b>12,660</b>	
Play Equipment		20,000			<b>20,000</b>	
<b>Town Hall &amp; Annexe</b>						
Upgrade downstairs toilets (DDA compliant)		20,000			<b>20,000</b>	
Relocation and Upgrade of CCTV System to Annexe	17,818				<b>17,818</b>	
<b>Resurfacing</b>						
<b>Car Parks</b> Main Beach			60,000		<b>60,000</b>	
<b>Panorama Road</b>				40,000	<b>40,000</b>	
<b>Peveril Point Road</b>				40,000	<b>40,000</b>	
<b>TIC</b>						
Building Renovation	154,626				<b>154,626</b>	
<b>Seafront Stabilisation Scheme - Phase 3</b>						
Spa Bungalow Site Redevelopment/Sandpit Field/Weather Station						1,000,000
<b>Station Building/Station Approach</b>						
Safety Railings and pedestrian crossing upgrade		10,000			<b>10,000</b>	
<b>Stone Quay Phase III</b>						
Reconstruction and Bonding			205,000		<b>205,000</b>	
<b>Seafront &amp; Downs Stabilisation Scheme</b>						
Recreation Ground/Beach Huts & Public Conveniences and Broad Road Stabilisation Scheme/Car Park Redevelopment	2,947				<b>2,947</b>	
<b>Depot Relocation</b>						
		1,000,000			<b>1,000,000</b>	
<b>Purbeck Business Centre</b>						
Roof		10,000			<b>10,000</b>	



<b><u>Recreation Ground - Phase 2</u></b>						
Pathways		30,000			<b>30,000</b>	
War Memorial Wall	37,978				<b>37,978</b>	
<b><u>Vehicle &amp; Plant Replacement</u></b>						
Vehicle replacement programme		70,000		15,000	<b>85,000</b>	
<b><u>Grants - Capital in Nature</u></b>						
Swanage Pier Trust		25,000			<b>25,000</b>	
Swanage Football Club		100,000			<b>100,000</b>	175,000
<b>TOTALS</b>	<b>302,444</b>	<b>1,545,000</b>	<b>360,000</b>	<b>95,000</b>	<b>2,302,444</b>	<b>1,175,000</b>

**Financed by:**

Usable Capital Receipts Reserve	2,947	1,280,000	110,000	0	<b>1,392,947</b>
Earmarked Reserves	48,063	140,000	45,000	95,000	<b>328,063</b>
Grants/Contributions	20,835	55,000	0	0	<b>75,835</b>
Contributions from the General Fund	230,599	70,000	205,000	0	<b>505,599</b>
<b>Total Financing</b>	<b>302,444</b>	<b>1,545,000</b>	<b>360,000</b>	<b>95,000</b>	<b>2,302,444</b>

### Capital Programme - 2017/18 – Estimated Expenditure

Ref	Schemes	Capital Receipts £	Earmarked Reserves £	General Fund £	Partner Contributions £	Grant Contributions £	Total £
1	<b>Public Conveniences</b> Refurbishment of Main Beach	85,000					85,000
2	<b>Beach Gardens</b>						
a	Installation of Astroturf Playing Surface	55,000			55,000		110,000
b	Shed/Outbuilding	15,000					15,000
3	<b>Recreation Ground - Phase 2</b> Pathway Reconstruction			30,000			30,000
4	<b>Vehicles</b>						
a	Replacement of Nissan Vehicles x 3		45,000				45,000
b	Replacement of Ransomes Ride-On-Mower		25,000				25,000
5	<b>Depot</b> Relocation	1,000,000					1,000,000
6	<b>Car Parks</b> Pay & Display Machine Replacement		50,000				50,000
7	<b>Play Areas</b> King George's - Equipment Replacement		20,000				20,000
8	<b>Grants - Capital in Nature</b> Swanage Pier Trust	25,000					25,000
9	<b>Town Hall</b> Upgrade of Toilet facilities - DDA compliant			20,000			20,000
10	<b>Station Approach</b> Infrastructure			10,000			10,000
11	<b>Purbeck Business Centre</b> Roof - Capital Contribution			10,000			10,000
12	<b>Football Club</b> Contribution to Capital Works	100,000					100,000
	<b>Estimated Expenditure</b>	<b>1,280,000</b>	<b>140,000</b>	<b>70,000</b>	<b>55,000</b>	<b>-</b>	<b>1,545,000</b>

Appendix C (ii)

## Appendix D

RISK	Analysis of Risk	2017/18 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.	3,430,950	3	102,930
Employee costs are greater than budgeted	Statutory payments increase above the level allowed for in the estimates.	850,135	1	8,500
Contractual inflation is greater than budgeted	A general increase of c.2% has been assumed on expenditure, however, costs may increase above budgeted inflation. Prices for gas/electric are fixed until Oct 2017. Prices may increase above estimated levels at this point.	2,580,815	2	51,615
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 2.7% has been estimated, if this return is only 2% overall the risk will be 25% of the estimated budget.	169,000	25	42,250
Car park revenue is below forecast	That a decrease in revenue is realised from estimate.	510,250	10	51,025
Rental income is not received	With the current uncertain economic climate some lessees may not be able to meet their rental payments	250,435	30	75,130
Seasonal income is lower than budgeted	That a decrease in revenue is realised from estimate.	187,210	20	37,440
Council Tax Support Grant is lower than budgeted	That the District Council does not pay the full estimated CTSG	9,775	20	1,955
<b>Total</b>				<b>370,845</b>

## Appendix E

**Tax Base & Parish Precepts:** The tax base is a figure that is determined by Purbeck District Council annually in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 and is the baseline for setting council tax charges. This figure is based upon the estimated number of chargeable dwellings, expressed as the equivalent number of Band D dwellings, after allowing for reliefs, discounts and non-collection. As a result of the localisation of council tax support as part of the Local Government Finance Act 2012 and the introduction of the new regulations, a significant reduction to the tax base was seen in 2013/14, a figure of 4,625.58 decreasing from 4,959.87 in 2012/13.

In order to alleviate this decrease in the tax base central government introduced a Council Tax Support Grant (CTSG), with the intention that the grant would be paid until the tax base returned to the 2012/13 base figure. This grant is paid via the billing authority i.e. Purbeck District Council, rather than to the Town Council directly. The last payment of the CTSG is due in 2017/18, however, in viewing table 1 below it can be seen that projections show that the 2012/13 tax base figure is not expected to be recovered within the timeframe of these estimates.

**Table 1: Precept estimates**

Precept	Actual 2012/13	Actual 2016/17	Estimate 2017/18	Estimate 2018/19	Estimate 2019/20
Precept	608,775	687,480	703,950	718,030	732,390
% Increase/Decrease	2.45%	6.08%	2.40%	2.00%	2.00%
Council Tax Support Grant	0	19,555	9,775	0	0
% Increase/Decrease	n/a	-33.33%	-50.01%	-100.00%	0.00%
Precept + CTSG	608,775	707,035	713,725	718,030	718,030
Tax Base	4,959.87	4,721.61	4,834.90	4,868.74	4,902.83
% Increase/Decrease	-0.08%	1.03%	2.40%	0.70%	0.70%
Band D Charge	£122.74	£145.60	£145.60	£147.48	£149.38
% Increase	2.54%	5.00%	0.00%	1.29%	1.29%
Actual Annual Increase	£3.04	£6.93	£0.00	£1.88	£1.90

During the setting of the revenue and capital budgets due consideration has been given to the current economic climate, together with the request from central government that town and parish councils exercise restraint and ensure that no council taxpayer sees an excessive increase in bills. Consideration has also been given to the need for the Council to increase its reserves and balances being mindful of future capital, revenue and treasury requirements. The tax base for 2017/18 has been set at 4,834.90, a 2.4% increase from 4,721.61 in 2016/17, this allows the Precept to be increased by £16,470 from £687,480 in 2016/17 to £703,950 in 2017/18 without an increase being levied upon the individual tax payer, as shown above.

**Swanage Town Council - Proposed Precept 2017/18**

<b>Calculation of 2017/18 Parish Council Tax</b>	
2017/18 Precept	£703,950.00
Divide by 2017/18 tax base	4834.9
Parish band D council tax for 2017/18	<b>£145.60</b>
<b>Council Tax Increase</b>	
Council tax for 2017/18	£145.60
Council tax for 2016/17	£145.60
Increase	£0.00
Percentage increase in council tax	0.00%
<b>Precept Increase</b>	
2017/18 precept	£703,950.00
2016/17 precept	£687,480.00
Increase in precept	£16,470.00
Percentage increase in precept	2.40%
<b>Tax Base Change</b>	
2017/18 tax base	4,834.90
2016/17 tax base	4,721.61
Change in tax base	113.29
Percentage change in tax base	2.40%