

# SWANAGE TOWN COUNCIL



## Financial Review Year Ended 31<sup>st</sup> March 2013

### 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 Cash to Reserves
  - Tangible Fixed Assets and Long Term Investments
  - Long Term Borrowing
  - Notes

Page left intentionally blank

## 1. Introduction & Overview

Since 2011 the Town Council's statutory statement of account has been the Annual 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. The Annual Return is published each year in line with the Accounts and Audit (England) Regulations 2011.

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. A financial summary is also included in the Council's Annual Report, delivered to every household.

## 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.

	<b>*Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>+ve/(-ve)</b>
<b>Net Expenditure :-</b>	<b>£</b>	<b>£</b>	<b>£</b>
Car Parks (incl. Co-op Management A/c)	412,970	372,722	(40,248)
Boat Park	22,100	31,224	9,124
Public Conveniences	(152,145)	(124,337)	27,808
Cemeteries	890	2,334	1,444
Parks and Operations (incl. CCTV)	(337,215)	(259,028)	78,187
Beach Gardens	(21,450)	(15,501)	5,949
Beaches & Foreshore	(47,620)	(36,471)	11,149
Beach Chalets/Bungalows	49,275	52,683	3,408
Publicity/Tourism	(100,795)	(82,385)	18,410
Allotments	1,855	5,243	3,388
General Buildings & Grounds	77,850	89,610	11,760
Grants & Donations	(13,750)	(11,217)	2,533
Central Administration	(374,135)	(328,684)	45,451
Democratic & Corporate Management	(94,225)	(81,091)	13,134
Interest Payable & Bank Charges	(7,250)	(6,070)	1,180
Investment Income	155,000	166,667	11,667
<b>Net Expenditure</b>	<b>(428,645)</b>	<b>(224,301)</b>	<b>204,344</b>
Transfer to Earmarked Reserves	(110,000)	(364,574)	(254,574)
Financing Capital Expenditure	(100,000)	0	(100,000)
Precept	608,775	608,775	0
<b>Net Surplus/(Deficit) on the General Fund</b>	<b>(29,870)</b>	<b>19,900</b>	<b>49,770</b>

\*includes supplementary budgets agreed during the course of the financial year

The Town Council's overall financial position was strengthened again during 2012/13, building on the improvements of the three previous financial years. The net operating surplus of £384,474 has

enabled contributions of £364,574 to be made to earmarked reserves to ensure that funds are available to achieve the aims set out in the Council's Asset Management Plan. A further £19,900 has been added to the Council's un-earmarked reserves, generating an overall General Fund Balance of £410,000. This is in line with the risk-assessed requirement for a General Fund Balance of between £305,000 and £445,000 to withstand the impact of the most serious risks identified in the Council's risk register being realised in the financial year ahead.

The Town Council has three principal income streams: the Council Tax Precept, car parking revenue and investment income. During 2012/13 these together generated income of £1.48 million, 73 per cent of the Council's total income of just over £2.0 million. This is a reduction from the £1.56 million generated in the previous financial year.

A total of £608,775 was raised through the parish precept in 2012/13, an increase of 2.5 per cent on 2011/12. However, this increase was more than offset by the year-on-year decline in the Council's two other principal sources of income. Net income from the Council's car parks was £40,000 below budget and 10.8 per cent down on the previous year. The combination of bad weather, especially on key bank holiday weekends, and the stay-away effects of the Olympic sailing events in Weymouth during Carnival week were key factors in this decline.

Investment income was in fact marginally above budget, but this nevertheless brought in £28,000 less than the previous year. This is the result of the broader low-interest rate environment and the range of investment options being reduced during periods of greatest economic uncertainty. Throughout, the Town Council has placed the protection of its capital sum above increased yield, in-line with government guidelines and set out in the Council's Treasury Management Strategy Statement (see Treasury Management below).

On the whole, the poor summer weather appears to have had a detrimental impact on the Council's other sources of seasonal income. The sporting activities at Beach Gardens performed significantly below budget: putting fees were down 16 per cent year-on-year, and bowls income by almost 30 per cent. Income from the boat park was also down both on budget and year-on-year. Only beach hut rentals bucked the trend, being marginally above budget and 3.7 per cent up year-on-year. Overall, the impact on the Council's net position was limited by strong budgetary control, with significant underspends (particularly in respect of wages and repairs and maintenance) more than compensating for the reduced income so that all of these areas performed better than anticipated at budget-setting.

The picture is similar in respect of the Council's Tourist Information service. Income streams were broadly below budget, particularly in respect of agency ticket and stock sales, although there was a marginal increase year-on-year. Strong budgetary control again saw significant underspends across a range of budget heads, including in respect of wages and training, materials and equipment, telephones and computer services.

The costs of maintaining the beach to blue flag standards were below budget, principally due to reduced wage costs and limited expenditure on signs and materials. Nevertheless, costs did increase year-on-year with the Council bearing the full cost of laying the safe bathing zone markers for the first time, and seaweed removal now costing in excess of £20,000 (an increase of more than 30 per cent over the last four financial years).

In relation to community facilities, both allotments and cemeteries were net contributors to council funds (when excluding administration costs). Although income from cemetery charges was significantly reduced year-on-year, expenditure in respect of both the cemetery and allotments was

## FINANCIAL REVIEW 2012/13

below budget, notably in relation to wages and materials. Spending on public conveniences was also significantly under budget, and perhaps more surprisingly saw a year-on-year reduction. This was principally in respect of wages, toilet requisites, repairs and maintenance and hygiene services.

The Parks and Operations budget shows the greatest variance, of £78,000. Income exceeded budget by £15,324, largely due to the disposal of a vehicle, back-rent for the Lower Grammar School Field and higher contributions to the De Moulham estate service roads' maintenance fund. Employee costs were again under budget, in part due to the continued deferral of recruitment of an officer to support the Operations Manager. In respect of expenditure, which was £45,000 below budget, there were underspends across a range of headings, most significantly in repairs and maintenance, the cost of refuse collection, materials and equipment, and hired services.

Finally, central services and democratic and corporate management costs were also well below budget. Principal savings/underspends were due to the deferred recruitment of support staff (£26,900), reduced internal and external audit costs (£5,600), limited spending on training costs (£5,450), and lower than anticipated legal and professional fees (£3,300).

### Capital Programme and Planning

The table below summarises the actual capital expenditure for the 2012/13 financial year.

	Funded from Capital Receipts £	Funded from Earmarked Reserves £	External Funding £	Total Cost £
<b>Land &amp; Buildings</b>				
Town Hall & Annexe roof works	74,416	-	-	74,416
Days Park Play Area	61,380	-	-	61,380
Preliminaries-Seafront Stabilisation Scheme	15,766	-	-	15,766
<b>TOTAL</b>	<b>151,562</b>	<b>-</b>	<b>-</b>	<b>151,562</b>

The Town Council adopts an annual capital works programme as part of its budget setting process in January. These works are largely funded from reserves, either those earmarked for a specific project or the usable capital receipts reserve (UCRR). The Town Council also included £100,000 of capital expenditure to be financed from the general fund in its 2012/13 budget, although as it was not required this sum has now been transferred to earmarked reserves.

The programme for 2012/13 set out 10 priority schemes and a further four were carried over from 2011/12. As can be seen in the table above, only two of these were fully implemented. The Town Hall and annexe roof works were carried out to protect these historic and valuable assets, and a new play area was installed at Day's Park to replace the dilapidated equipment that had been removed over recent years.

Expenditure was also incurred in respect of the seafront stabilisation scheme, which remains likely to be the Council's most significant capital scheme of forthcoming years. Building on the reports commissioned in the previous year, architects were instructed to prepare draft proposals which were put out for public consultation. It is intended that a planning application will be lodged during summer 2013 and the scheme will progress further during the 2013/14 financial year.

Three schemes were delayed until the new financial year. The refurbishment/re-build of the main seafront toilets was initially deferred to be reviewed as part of the wider seafront stabilisation/improvement programme. In April 2013 it was agreed that it should be incorporated in the phase one works referred to above, and the appointed architects were instructed accordingly. Much needed improvements to the Town Hall plumbing and heating systems and structural repairs to the Stone Quay were also deferred to 2013/14.

The replacement of the bandstand has been deferred pending public consultation as to the likely uses of such a facility in the future and its best location. A range of options will be considered including both a like-for-like replacement and a more modern and flexible structure in a different location.

Three further schemes either are or have been under review. The requirement for a tractor has been re-appraised and it is now felt that the needs of the Operations Department could be better met by the purchase of a 4 x 4 vehicle, which is likely to be purchased in 2013/14.

The replacement of the turnstiles in the Heritage Toilets has been deferred pending clarification of the long-term plans for this facility with the owners, Purbeck District Council. Works to improve pedestrian access around the Co-Op entrance, taxi rank and Railway Station forecourt were also placed under review, pending the production of plans for the future of that site which are currently being explored as part of the development of a Swanage Local Plan.

The three lighting schemes that were deferred from 2011/12 have been downgraded in scale and removed from the capital programme. Work to the façade of the Town Hall building has also been removed from the programme as it will not be required in the short-medium term following the remedial stabilisation work undertaken during the re-roofing of the building.

Finally, during the financial year the Town Council reviewed the de minimis level of capital works, raising it from £5,000 to £10,000. As a consequence the purchase of a new vehicle for the Council's enforcement officers was removed from the capital programme and transferred to the revenue account.

### **Treasury Management**

Following on from an extremely challenging 2011/12, the 2012/13 financial year provided some measure of stabilisation, albeit with low interest rate levels becoming the norm. In its 2012/13 Annual Investment Strategy the Council set a minimum credit rating of A- for its eligible counterparties, which allowed for the inclusion of systemically important financial institutions that had been downgraded by the credit rating agencies. During the course of the year, the length of maturities was extended by Arlingclose, the Council's treasury advisors. This initially allowed for a small increase in the yields available to the Council, although the Funding for Lending Scheme announced in August had a negative impact on the rates offered by banks, with cheaper borrowing being made available by the government.

The net return on the Council's investments had been estimated at £155,000, with an actual outturn of £166,667 being realised at year end. The Council continued to maintain a diversified investment portfolio throughout the course of the 2012/13 financial year, utilising fixed term deposits, Certificates of Deposit and call accounts with UK banks and three Money Market Funds. The Council maintained its objective of the security of capital over yield.

The Council has a long term investment of £2m with the CCLA LAMIT Property Fund, on which the Council expects to achieve capital growth over the term of the investment as well as a high

performing quarterly income stream. This fund has performed consistently well throughout the year, cushioning the Council against the low interest rates that are available on its short term investments.

The Council's Annual Treasury Report 2012/13, which gives a more in depth review, has been published separately. A summary of investments at 31<sup>st</sup> March 2013 can be found on page 13.

### **Earmarked Reserves**

The Council's Reserves and Balances Policy was reviewed during the course of the year whilst setting the Council's budgets for the 2013/14 financial year. The Council's Earmarked Reserves were 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.

In 2012/13 a net contribution of £364,574 was made from the general fund to the various earmarked reserves against an original estimate of £110,000. The favourable surplus on the general fund above estimate means that an additional £254,574 has been appropriated to the Council's reserves from the general fund, in line with its Policy. This sum includes £100,000 of revenue contributions that were due to finance capital schemes, which have either been delayed or deferred. With an opening balance of £757,752, a net contribution in the year of £364,574 results in a balance of £1,122,326 being held at 31<sup>st</sup> March 2013. These reserves have been set aside to fund the Council's extensive capital programme.

The Council's Usable Capital Receipts Reserve (UCRR) saw a reduction of £79,895 in the year. This results from the financing of capital expenditure to the sum of £151,562 combined with capital receipts of £71,667 being realised in the year. The receipts are from the principal repayments on a loan to Swanage Sailing Club and the granting of an easement on Quarry Close. The Council carries forward a balance of £6,168,795 in its UCRR into the next financial year.

A summary of the Council's reserves can be found on pages 10 to 12.

### **3. Accounting Statements**

#### **The Annual Return**

The statutory statement of account is presented 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 four Sections:

#### **Section 1 – 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.

#### **Section 2 – 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 3 – External Auditor’s certificate and opinion**

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

#### **Section 4 – 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 1 of the Annual Return summarises the Council’s transactions for the 2012/13 financial year and its position at 31<sup>st</sup> March 2013. The statement of account has been prepared following guidance given in Part 3 of *Governance and Accountability for Local Councils: A Practitioners’ Guide 2010 (England)*.

## 4. Supplementary Information in Support of the Annual Return

<b>The Annual Return - Income &amp; Expenditure</b>				
<b>2011/12</b>			<b>2012/13</b>	
£	£		£	£
	4,969,011	<i>Reserves &amp; Balances brought forward - Box 1</i>		5,396,542
		<b>Income</b>		
	588,000	<i>Precept - Box 2</i>		608,775
519,650		Rental, Interest & Investment Income	482,618	
685,043		Charges made for Services	627,689	
305,821		Other Income or Contributions	292,672	
33,206		Capital Receipts/Capital Grants	71,667	
	<u>1,543,720</u>	<i>Total Other Receipts - Box 3</i>		<u>1,474,646</u>
		<b>Expenditure</b>		
		<i>Salaries and Wages</i>		
(427,884)		Direct Service Costs	(433,871)	
(235,668)		Democratic, Management and Civic Costs	(243,776)	
	<u>(663,552)</u>	<i>Total Staff Costs - Box 4</i>		<u>(677,647)</u>
	(8,286)	<i>Loan interest/capital repayments - Box 5</i>		0
		<i>Other Costs</i>		
(690,348)		Direct service costs	(763,111)	
(9,526)		Grant and donations	(11,217)	
(177,460)		Democratic, Management and Civic Costs	(175,305)	
(61,167)		Capital Expenditure	(151,562)	
(100,000)		Long Term Investments	0	
	<u>(1,038,501)</u>	<i>Total Other Costs - Box 6</i>		<u>(1,101,195)</u>
	<u><u>5,396,542</u></u>	<i>Reserves &amp; Balances carried forward - Box 7</i>		<u><u>5,701,121</u></u>

<b>Bank Reconciliation for year ended 31st March 2013</b>			
	£	£	Note
<b>Bank Accounts</b>			
Current	63,648		
Deposit	93,078		
<i>less</i>			
unpresented cheques	5,859		
<i>add</i>			
uncleared payments	2,694		
<i>add</i>			
petty cash	<u>555</u>		
Total Cash and Bank		154,116	
<b>Short Term Investments</b>			
Lloyds TSB Term Deposit	1,750,000		
Barclays Certificate of Deposit	1,000,000		
Lloyds Call Account	1,723,976		
MMFs	<u>1,155,979</u>		
Total Short Term Investments		5,629,955	7
<b>Total Cash and Short Term Investments – Box 8</b>		<b><u>5,784,071</u></b>	

### 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.

2011/12 £		Note	2012/13 £
5,513,547	Box 8 - Total cash and short term investments		5,784,071
144,692	(+)Debtors	1	118,356
(261,697)	(-) Creditors	2	(201,306)
5,396,542	(=) Box 7 - Balances carried forward		5,701,121

### 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 book value of the sum of these assets is shown in Box 9 on the Annual Return.

	<u>Operational Assets</u>				<u>Non-Operational Assets</u>		Total
	Land & Buildings	Vehicles, Plant & Equipment	Infra-structure	Community	Assets Under Construction	Investment Properties	
<b>Tangible Fixed Assets- Cost or Valuation</b>	£	£	£	£			£
As at 1 April 2012	3,817,680	352,068	17,105	36,589	0	600,000	4,823,442
Additions/Enhancements	135,796	0	0	0	15,766	0	151,562
Reclassifications	(11,113)	0	0	0	11,113	0	0
Donated Assets	0	0	0	0	0	0	0
Disposals	0	(9,240)	0	0	0	0	(9,240)
As at 31 March 2013	3,942,363	342,828	17,105	36,589	26,879	600,000	4,965,764
<b>Long Term Investments- Cost</b>							
As at 1 April 2012							2,101,528
Additions							0
Redeemed							(46,667)
As at 31 March 2013							2,054,861
<b>Total Fixed Assets and Long Term Assets – Box 9</b>							<b>7,020,625</b>

### Schemes Under Construction

The total asset value at 31<sup>st</sup> March 2013 includes £26,879 relating to the Seafront Stabilisation project, classified as an Asset Under Construction.

### Long Term Borrowing

2011/12		2012/13
£	Analysis of Loans - PWLB	£
8,283	Balance brought forward	0
(8,283)	Principal paid in year ( <i>Box 5</i> )	0
<u>0</u>	<b>Total Outstanding – Box 10</b>	<u>0</u>

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

**Notes**

**1. Debtors**

2011/12		2012/13
£	Amounts falling due in one year :-	£
18,812	HMRC-VAT	4,360
117,929	Sundry Debtors	106,358
(9,777)	Provision for Bad/Doubtful Debtors	(8,645)
14,666	Payments in Advance	11,673
3,062	Stock	4,610
<u>144,692</u>	Total	<u>118,356</u>

**2. Creditors**

2011/12		2012/13
£		£
10,530	HMRC-VAT/Interest	0
9,880	HMRC PAYE/NI	9,260
141,274	Sundry Creditors	103,682
100,013	Receipts in Advance	88,364
<u>261,697</u>		<u>201,306</u>

<b>Movement of Reserves</b>				
	Balance 1 April 2012	Net movement in year	Balance 31 March 2013	Note
	£	£	£	
General Fund	390,100	19,900	410,000	3
Earmarked Reserves	757,752	364,574	1,122,326	4
Usable Capital Receipts Reserve	6,248,690	(79,895)	6,168,795	5
Total	<u>7,396,542</u>	<u>304,579</u>	<u>7,701,121</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 £2m investment in the CCLA LAMIT Property Fund that is held by the Council. Under the Annual Return when any Long Term Investments are entered in to 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

2011/12		2012/13
£		£
252,191	General Fund Balance brought forward	390,100
555,492	Net Surplus or (Deficit) for Year	384,474
( 417,583)	Transfers (to)/from Earmarked Reserves	(364,574)
<u>390,100</u>	General Fund Balance carried forward	<u>410,000</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 £19,900 on the general fund in the year, comprising of a net operating surplus of £384,474 for the year and a transfer from the general fund to earmarked reserves of £364,574.

### 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	Contributions	Transfer	Balance
	01-Apr-12 £	to/(from) Reserve £	to/(from) Reserve £	31-Mar-13 £
Festive Lights	6,908	1,673		8,581
Vehicle & Plant Replacement	30,000	15,000		45,000
King Georges Play Area & Skate Park	22,000	11,000		33,000
Play Equipment-General Areas	30,000	15,000		45,000
Car Park Machines	20,000	10,000		30,000
Tennis Courts Refurbishment	14,005	*7,200		21,205
Repairs & Renewals Fund	314,263	271,501	100,000	685,764
Public Conveniences	170,000	20,000		190,000
King George's Changing Facilities	6,958	0		6,958
De Moulham Back Roads	23,618	3,200		26,818
Insurance & Contingency Reserve	120,000	10,000	(100,000)	30,000
<b>Total</b>	<b>757,752</b>	<b>364,574</b>	<b>0</b>	<b>1,122,326</b>

\* Includes a contribution of £3,600 from the Tennis Club

## 5. Usable Capital Receipts Reserve

2011/12 £		2012/13 £
6,376,651	Balance brought forward	6,248,690
33,206	Capital receipts	71,667
	Less:	
(161,167)	Capital receipts used for financing Assets	(151,562)
<u>6,248,690</u>	Balance carried forward	<u>6,168,795</u>

The UCRR holds the proceeds of the sale of fixed assets and can only be used in accordance with regulations. In 2012/13 the Council granted an Easement to Synergy Housing Limited, relating to Quarry Close, Panorama Road for a sum of £25,000. Swanage Sailing Club repaid a total of £46,667 of the principal outstanding on a loan granted in 2011/12. The Council also utilised £151,562 in the course of the year to finance capital expenditure. Over the course of the year the Council saw a decrease in this reserve of £79,895.

## 6. Trust Funds – Box 11

The Council acts as Corporate Trustee for three Charitable Trusts. The Income & Expenditure for the year to 31<sup>st</sup> March 2013 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>	9,599	(76,409)	(66,810)
James Day Trust (Day's Park) <i>Gift of pleasure grounds</i>	163	(236)	(73)
King George's Field <i>Deed of dedication entered into 5<sup>th</sup> May 1951</i>	0	0	0

### Charitable Funds held by Trusts:

	Balance 1 April 2012 £	Net Contributions to/(from) Fund £	Balance 31 March 2013 £
De Moulham Trust	*261,070	(66,810)	194,260
James Day Trust	902	(73)	829

\*Restated

## 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	Duration	Maturity Date	Rate
Lloyds TSB: Fixed Deposit	£1,750,000	6 months	25/05/2013	1.50%
Barclays: Certificate of Deposit	£1,000,000	12 months	04/02/2014	0.85%
Ignis Money Market Fund	£650,000	daily	n/a	v
Prime Rate Liquidity Fund Money Market Fund	£455,979	daily	n/a	v
CCLA-Public Sector Deposit Fund	£50,000	daily	n/a	v
Lloyds TSB Call Account	£1,723,976	daily	n/a	1.10%
<b>Total Short Term Investments–(incl. in Box 8)</b>	<b>£5,629,955</b>			
CCLA-LAMIT Property Fund	£2,000,000	n/a	n/a	v
Swanage Sailing Club Loan	£53,333	15 yrs EIP	24/01/2027	5.78%
Consolidated Stock	£62	n/a	n/a	2.50%
War Stock	£1,466	n/a	n/a	3.50%
<b>Total Long Term Investments–(incl. in Box 9)</b>	<b>£2,054,861</b>			
<b>Total Investments held @ 31<sup>st</sup> March 2013</b>	<b>£7,684,816</b>			

The Council had six short term investments held with Lloyds TSB, Barclays, the CCLA Public Sector Deposit Fund (a qualifying MMF), Ignis Money Market Fund and Federated Prime Rate Liquidity Money Market Fund at 31<sup>st</sup> March 2013. The investments held with Lloyds and Barclays have a guaranteed return and the MMFs have a variable rate of return. All six investments return the capital sum invested plus interest. The Council has a long term investment of £2m held with CCLA and the Council expects to see capital growth over the term of the investment. During the course of the year, Swanage Sailing Club made an additional principal repayment of £40,000 as well as the agreed instalments of principal, with a balance of £53,333 of the loan remaining outstanding at 31<sup>st</sup> March 2013. Two investments with HM Treasury, in war and consolidated stock, totalling £1,528 are also held.

## 8. Pensions

Swanage Town Council participates in the Local Government Pension Scheme (LGPS). This is classified as a 'defined benefits pension scheme' i.e. the cost of the scheme is equal to the contributions payable to the scheme for the accounting period and is recognised within the Income & Expenditure account. The fund is administered by the Dorset County Council Pension Fund in which Swanage Town Council is pooled as a 'small scheduled body'.

In 2012/13 the Council paid an employer's contribution of £91,365 (£89,207 in 2011/12) representing 19.6% of employees' pensionable pay into the Dorset County Council superannuation fund. This fund provides members with benefits based on pay and service.

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 2012/13 these amounted to £2,917 (£2,929 in 2011/12), representing 0.63% of pensionable pay.

## 9. Grants & Donations

The following grants and donations were issued in 2012/13.

	£
<b>Section 19- Misc. Provisions Act</b>	
S.Town & Herston Football Club (Vodafone)	3,750
S.Town & Herston Football Club	50
<b>Section 137</b>	
Purbeck Film Festival	1,500
Swanage Regatta & Carnival Committee	250
Swanage Regatta & Carnival Committee	468
Purbeck Olympic Networking Group (PONG)	64
South Purbeck Task Group	325
Dorset Blind Association	300
2185 Air Training Corps	1,000
Blues Roots-Donation-Blues Festival	600
DCC - School Crossing Patrol	2,910
<b>Total</b>	<b>11,217</b>

## 10. Audit Fees

BDO LLP has been appointed by the Audit Commission as the Council's external auditors.

2011/12		2012/13
£		£
3,500	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	2,400
(2,000)	Adjustment on previous years audit fees	0
<u>1,500</u>		<u>2,400</u>

## 11. Items for Consideration

Any events after the year end, 31st March 2013, have been considered up to the date of the Annual Return, 29<sup>th</sup> May 2013. The following items have been considered in the preparation of the Annual Return however no financial adjustments have been made within the statement of accounts due to the uncertainty of the outcome of the matters.

### Indemnities in Business Sale Agreement for Swanage Bay View Holiday Park

The business sale agreement between the Council and Kleinwort Benson (Guernsey) Limited contained indemnities protecting the buyer from any loss suffered as a result of any action or omission by the Council in respect of future pitch fee increases. The maximum exposure is £600,000 which decreases by £150,000 after the first year and then £100,000 each year until 14th October 2014, when all indemnities will cease. A further £50,000 indemnity was entered into in respect of costs and expenses incurred in disputes with an Owners' Association. No progress has been made on this matter during the course of the financial year with the Council's position remains unchanged.

**VAT on Car Parking Income**

The Council first lodged a claim for VAT in respect of Car Parking income in 2002. Since this time the Council has either submitted a Voluntary Disclosure of Errors on VAT returns or has appealed a Notice of Assessment for the payment of VAT relating to Off Street Car Parking. The total VAT under dispute for the period to 31st March 2013 was £1,445,675. The Council continues to appeal all Assessments received from HMRC. All appeals made to a Tribunal will be stood over until such a time as the Isle of Wight case is finalised.