

# SWANAGE TOWN COUNCIL



## Financial Review Year Ended 31<sup>st</sup> March 2014

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## 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)	404,490	375,055	(29,435)
Boat Park	26,420	30,736	4,316
Public Conveniences	(123,915)	(102,081)	21,834
Cemeteries	(9,700)	4,811	14,511
Parks and Operations (incl. CCTV)	(327,915)	(230,857)	97,058
Beach Gardens	(29,160)	(25,878)	3,282
Beaches & Foreshore	(40,680)	(31,422)	9,258
Beach Chalets/Bungalows	48,580	47,400	(1,180)
Publicity/Tourism	(105,540)	(88,941)	16,599
Allotments	3,745	4,948	1,203
General Buildings & Grounds	65,945	102,608	36,663
Grants & Donations	(13,750)	(12,980)	770
Central Administration	(340,285)	(318,035)	22,250
Democratic & Corporate Management	(109,490)	(88,004)	21,486
Loan Repayments, Interest Payable & Bank Charges	(6,695)	(8,656)	(1,961)
Net Investment Income	155,000	172,200	17,200
Council Tax Support Grant	41,031	41,031	0
<b>Net Expenditure</b>	<b>(361,919)</b>	<b>(128,065)</b>	<b>233,854</b>
Transfer to Earmarked Reserves	(110,000)	(351,491)	(241,491)
Financing Capital Expenditure	(100,000)	(15,659)	84,341
Precept	582,969	582,969	0
<b>Net Surplus on the General Fund</b>	<b>11,050</b>	<b>87,754</b>	<b>76,704</b>

The Town Council's overall financial position was healthy during 2013/14, with a net operating surplus of £454,904. This has enabled a contribution of £351,491 to be made to earmarked reserves to ensure that funds are available to achieve the aims set out in the Council's Capital Programme and Asset

Management Plan. A further £87,754 has been added to the Council's un-earmarked reserves, generating an overall General Fund Balance of £497,754. This exceeds the risk-assessed requirement for a General Fund Balance of £366,390, but is towards the lower end of the recommendation that councils should carry general revenue reserves of between three and twelve months of gross expenditure set out in *The Practitioner's Guide for Town and Parish Councils*. On the basis of budget projections for 2014/15 this would be a sum between £445,000 and £1.78 million.

The Town Council has three principal income streams: the Council Tax Precept, car parking revenue and investment income. During 2013/14 these together generated income of £1.48 million, 71 per cent of the Council's total income of just over £2.09 million. This is little changed from the previous financial year.

A total of £582,969 was raised through the parish precept in 2013/14, a decrease of 4.2 per cent on 2012/13. This decrease resulted from a reduction in the local tax base, which was in turn a consequence of changes to the benefit system introduced by central government. The shortfall in precept was made up by a grant from the District Council (Council Tax Support Grant or CTSG) of £41,031. The combined total of parish precept and CTSG was £624,000, a 2.5% increase on the precept levied in 2012/13.

The other two principal sources of income were broadly stable year-on-year. Although car parking income was almost £30,000 below budget it was marginally higher than the previous year. This relatively poor performance was in part due to a loss of income from Broad Road car park as a consequence of space being given over to a site compound for the Sea Rowing Club and disruption from the Council's own stabilisation works. This budget also contains the market which both performed badly and saw re-adjustment of past years' over-payments to the then market operator. The Council has addressed concerns over the market by putting it out to tender, but the broader performance of the car parking budget will need to be closely monitored given its limited recovery from the reduction of income seen in 2012/13, despite much improved summer weather.

By contrast, the Council's investment income exceeded budget expectations by £17,200 and was more than £5,000 higher year-on-year. This is analysed further below in the Treasury Management section of this review.

The Council's other sources of seasonal income saw a mixed performance. Income from beach hut rentals increased once again and exceeded budget by £2,000, although overall it contributed a negative variance due to increased wage costs. Bowls was the best-performing sports activity at Beach Gardens with income up by approximately £2,000 both on budget and year-on-year. Income from tennis court fees was largely stable and in-line with budget expectations. However, income from putting continues to decline, falling a further 4.4% after last year's decline of 16%. The Tourist Information Centre supervisor has been tasked to explore improved marketing of the facility. Meanwhile, income from the Boat Park was down year-on-year and against budget, although due to reduced costs it significantly out-performed budget expectations.

The Tourist Information Centre outperformed budget. Both the commission generated by agency ticket sales and net income from stock sales were higher than anticipated, whilst a large number of budget headings saw significant underspends. The most significant of these were employee costs, repairs and maintenance and materials and equipment purchases.

The costs of maintaining the beach to blue flag standards were below budget, principally due to severely curtailed expenditure on seaweed removal. In last year's review it was noted that this had increased by more than 30 per cent over the last four financial years. However, this year expenditure on this item fell by more than £12,000.

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In relation to community facilities, both allotments and cemeteries were net contributors to council funds (when excluding administration costs). Expenditure in respect of both the cemetery and allotments was below budget, whilst income from cemetery charges was significantly higher year-on-year, and exceeded budget by more than £10,000. Spending on public conveniences was also under budget, and once again 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 £97,058. Income was inflated by two one-off factors: a contribution towards the purchase of new equipment for the skate park (£14,100), which was transferred to earmarked reserves and receipt of compensation from SITA for landscaping of the former landfill site (£15,000). The latter figure is to be paid to Dorset County Council to fulfil the requirements of the outstanding planning conditions upon completion of a lease agreement that will see the land managed as part of Durlston Country Park. In respect of expenditure, employee costs were again under budget, largely due to the delayed recruitment of the Grounds Maintenance Supervisor which took place in January 2014. General expenditure was £44,400 below budget, reflecting underspends across a range of headings, most significantly in repairs and maintenance, as a result of the deferral of a number of one-off items including repairs and maintenance to the Depot (£8,400), replacement play equipment at the Recreation Ground (£7,000) and the deferral of some tree works (£11,000).

Finally, central services and democratic and corporate management costs were also well below budget. Principal savings/underspends were due to the deferred recruitment of the Management Support Officer who began employment in April 2014 (£23,000), deferral of re-decoration of the Town Hall (£10,700), a reduction in IT costs due to the replacement of the Council's leased equipment by purchasing it outright (£10,000). These savings more than compensated for over-spends in respect of legal and professional fees (£16,000), the new telephone system at the Town Hall (£3,000), and advertising costs (£3,600). In respect of revenue a positive variance was received from an increase in the number of weddings in the Council Chamber (£3,200).

### Capital Programme and Planning

The table below summarises the actual capital expenditure for the 2013/14 financial year.

	Funded from Capital Receipts £	Funded from Earmarked Reserves £	Funded from General Fund £	Total Cost £
<b>Land &amp; Buildings</b>				
Town Hall Heating System	30,818	-	-	30,818
Recreation Ground Stabilisation Scheme: incl. Beach Huts, Kiosk and Toilets	634,511	-	-	634,511
Downs Stabilisation Scheme: incl Broad Road Car Park	121,440	-	-	121,440
<b>Vehicle, Plant &amp; Equipment</b>				
IT Equipment	-	-	15,659	15,659
Vehicle-Landrover	-	23,055	-	23,055
Skate Park Equipment	-	8,225	-	8,225
<b>TOTAL</b>	<b>786,769</b>	<b>31,280</b>	<b>15,659</b>	<b>833,708</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 £110,000 of capital expenditure to be financed from the general fund in its 2013/14 budget, although as only £15,659 was expended in year this sum has now been used to bolster the Council's reserves and balances.

The programme for 2013/14 set out six priority schemes and a further two were carried over from 2012/13. Four of these schemes were implemented, four deferred and an additional two added in-year.

The most significant items of expenditure were the Downs and Seafront stabilisation schemes. Together these represent the largest capital project that the Council has undertaken, or is likely to undertake for the foreseeable future. Following on from the public consultation exercise held in spring 2013 a planning application was worked-up which received consent in September of that year. The scheme now incorporates a replacement toilet block on Shore Road which was originally conceived as a stand-alone project. After a rigorous two-stage tender process Raymond Brown Construction Ltd were appointed as contractors at a tender price of £2.11 million.

Work started in December 2013 and the scheme was initially programmed for completion in early June 2014. However, following the wettest winter on record and the discovery of geological anomalies in February additional works were agreed with the consequence that the project will not now be completed until the autumn of 2014. The additional works involved the installation of Enviroblocks to strengthen the eastern slope of the Recreation Ground, additional soil nailing and the re-profiling of the bank beneath the war memorial, together with the removal and repositioning of the memorial itself. At the current time (May 2014) it is estimated that the total cost of the construction work will be £2.75 million. The related professional fees and charges, which are also payable from the capital budget, are estimated at a further £190,000.

The works have straddled two financial years and, as can be seen in the table above, the total costs in relation to the stabilisation works in the 2013/14 financial year were £634,511 in respect of the seafront scheme and £121,440 in relation to the Downs.

At a cost of £30,818, the next most significant item of expenditure was the replacement of the Town Hall and annexe heating systems. This work was carried out in order to address ongoing maintenance concerns and to improve energy efficiency.

In respect of the purchase of vehicles, plant and equipment only one item planned at budget setting was purchased: an additional vehicle for the Depot fleet. This was initially intended to be a new Cabstar truck but after careful consideration it was agreed to purchase a Landrover 4x4 instead to aid with winter maintenance requirements. This meant an increase in budget from £15,000 to £23,000.

The two other items listed in the table above were approved in-year. The decision to purchase IT equipment outright was made following the end of the Council's existing lease arrangements, largely on the grounds of cost-efficiency. The Council also agreed to make a contribution to the next phase of skate park equipment.

Among the four schemes deferred to the next financial year was the refurbishment of the tennis courts at Beach Gardens. This will be largely funded from reserves built up jointly between the Town Council and the Tennis Club, who have agreed the new timescale. The resurfacing of North Beach car park has been delayed pending the receipt of a detailed report from a structural engineer, as has the repair work required to the Stone Quay. Finally, the replacement of the turnstiles in the Heritage Toilets has once again been deferred pending clarification of the long-term plans for this facility with the owners, Purbeck District Council.

### **Treasury Management**

The 2013/14 financial year brought further stabilisation in terms of treasury management and the Council has continued to contract Arlingclose as its treasury advisors. Low interest rate levels have continued to predominate, with the Council looking at diversifying its short term investments beyond fixed deposits with banks, due to the increased risks posed by a bail-in, should a counterparty fail. All investments have been made in line with the Council's Treasury Management Strategy and the advice given by Arlingclose.

The net return on the Council's investments had been estimated at £155,000, with an actual outturn of £172,200 being realised at year end. The Council continued to maintain a diversified investment portfolio throughout the course of the 2013/14 financial year, utilising call accounts with UK banks, Money Market Funds and purchasing corporate bonds. The bonds that were purchased during the year are with Vodafone and Places For People. The Council maintained its objective of the security of capital over yield.

The Council also purchased further units in the CCLA LAMIT property fund, bringing the total invested in the fund at 31<sup>st</sup> March 2014 to £2.5m. The Council has for the first time since its initial investment seen capital growth, albeit not realised. In terms of income generation this fund has continued to perform well, realising an annualised yield of just under 5%, once again cushioning the Council against the lower interest rates that are available on its short term investments.

The Council's Annual Treasury Report 2013/14, which gives a more in depth review, has been published separately. A summary of investments at 31<sup>st</sup> March 2014 can be found on page 13.

### **Earmarked Reserves**

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. 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 2014/15 financial year. During this review it was determined to establish an IT Equipment earmarked reserve, due to the purchase of the Council's IT equipment as opposed to leasing. The establishment of this reserve will ensure that future purchase costs can be funded.

In 2013/14 a net contribution of £351,491 was made from the general fund to the various earmarked reserves against an original estimate of £110,000. The additional contribution of £241,491 has been made as a result of the favourable surplus on the general fund above estimate, in line with Council Policy. This includes a contribution of £14,100 from Y-Axis, to fund the purchase of skate park equipment and a contribution of £3,600 from the Tennis Club, which have been transferred to the relevant reserve. During the course of the year, capital expenditure totalling £31,280 was funded from earmarked reserves. With an opening balance of £1,122,326, a net contribution in the year of £320,211 has resulted in a balance of £1,442,537 being held at 31<sup>st</sup> March 2014. These reserves have been set aside to fund the Council's extensive future capital programme, as detailed in the Medium Term Financial Strategy.

The Council's Usable Capital Receipts Reserve (UCRR) saw a reduction of £760,102 in the year. This results from the financing of capital expenditure to the sum of £786,769 combined with capital receipts of £26,667 being realised in the year. The capital receipt is the principal repayment on a loan to Swanage Sailing Club. The Council carries forward a balance of £5,408,693 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 2013/14 financial year and its position at 31<sup>st</sup> March 2014. 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>2012/13</b>			<b>2013/14</b>	
£	£		£	£
	5,396,542	<i>Reserves &amp; Balances brought forward - Box 1</i>		5,701,121
		<b>Income</b>		
	608,775	<i>Precept - Box 2</i>		582,969
0		Council Tax Support Grant	41,031	
482,618		Rental, Interest & Investment Income	504,354	
627,689		Charges made for Services	634,594	
292,672		Other Income or Contributions	330,351	
71,667		Capital Receipts/Capital Grants	26,667	
	<u>1,474,646</u>	<i>Total Other Receipts - Box 3</i>		<u>1,536,997</u>
		<b>Expenditure</b>		
		<i>Salaries and Wages</i>		
(433,871)		Direct Service Costs	(467,365)	
(243,776)		Democratic, Management and Civic Costs	(247,009)	
	<u>(677,647)</u>	<i>Total Staff Costs - Box 4</i>		<u>(714,374)</u>
	0	<i>Loan interest/capital repayments - Box 5</i>		0
		<i>Other Costs</i>		
(763,111)		Direct service costs	(736,193)	
(11,217)		Grant and donations	(12,980)	
(175,305)		Democratic, Management and Civic Costs	(174,848)	
(151,562)		Capital Expenditure	(833,708)	
0		Long Term Investments	(798,201)	
	<u>(1,101,195)</u>	<i>Total Other Costs - Box 6</i>		<u>(2,555,930)</u>
	<u><u>5,701,121</u></u>	<i>Reserves &amp; Balances carried forward - Box 7</i>		<u><u>4,550,783</u></u>

<b>Bank Reconciliation for year ended 31st March 2014</b>			
	£	£	Note
<b>Bank Accounts</b>			
Current	436,820		
Deposit	33,517		
<i>less</i>			
unpresented cheques	421,186		
<i>add</i>			
uncleared payments	9,861		
<i>add</i>			
petty cash	455		
Total Cash and Bank		59,467	
<b>Short Term Investments</b>			
Corporate Bond - Vodafone	1,022,530		
Lloyds Call Account	2,671,516		
MMFs	657,916		
Total Short Term Investments		4,351,962	7
<b>Total Cash and Short Term Investments – Box 8</b>		<b>4,411,429</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.

2012/13 £		Note	2013/14 £
5,784,071	Box 8 - Total cash and short term investments		4,411,429
118,356	(+)Debtors	1	306,413
(201,306)	(-) Creditors	2	(167,059)
5,701,121	(=) Box 7 - Balances carried forward		4,550,783

### 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.

	Operational Assets				Non-Operational Assets		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 2013	3,942,363	342,828	17,105	36,589	26,879	600,000	4,965,764
Additions/Enhancements	30,818	38,714	0	0	764,176	0	833,708
Reclassifications		0	0	0	0	0	0
Donated Assets	0	0	0	0	0	0	0
Disposals	(48,750)	(17,790)	0	0	0	0	(66,540)
As at 31 March 2014	3,924,431	363,752	17,105	36,589	791,055	600,000	5,732,932
<b>Long Term Investments- Cost</b>							
As at 1 April 2013							2,054,861
Additions							798,201
Redeemed							(26,667)
As at 31 March 2014							2,826,395
<b>Total Fixed Assets and Long Term Assets – Box 9</b>							<b>8,559,327</b>

### Schemes Under Construction

The total asset value at 31<sup>st</sup> March 2014 includes £782,830 relating to the Seafront & Downs Stabilisation project and £8,225 relating to skate park equipment, classified as an Asset Under Construction.

### Long Term Borrowing

2012/13		2013/14
£	Analysis of Loans - PWLB	£
0	Balance brought forward	0
0	Principal paid in year (Box 5)	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**

2012/13		2013/14
£	Amounts falling due in one year :-	£
4,360	HMRC-VAT	149,234
106,358	Sundry Debtors	158,043
(8,645)	Provision for Bad/Doubtful Debtors	(17,490)
11,673	Payments in Advance	12,513
4,610	Stock	4,113
<u>118,356</u>	Total	<u>306,413</u>

**2. Creditors**

2012/13		2013/14
£		£
0	HMRC-VAT/Interest	9,257
9,260	HMRC PAYE/NI	0
103,682	Sundry Creditors	132,373
88,364	Receipts in Advance	25,429
<u>201,306</u>		<u>167,059</u>

<b>Movement of Reserves</b>				
	Balance 1 April 2013	Net movement in year	Balance 31 March 2014	Note
	£	£	£	
General Fund	410,000	87,754	497,754	3
Earmarked Reserves	1,122,326	320,211	1,442,537	4
Usable Capital Receipts Reserve	6,168,795	(760,102)	5,408,693	5
Total	<u>7,701,121</u>	<u>(352,137)</u>	<u>7,348,984</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 £2.5m investment in the CCLA LAMIT Property Fund and the Places For People Bonds that are 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

2012/13		2013/14
£		£
390,100	General Fund Balance brought forward	410,000
384,474	Net Surplus or (Deficit) for Year	454,904
0	Financing Capital Expenditure	(15,659)
( 364,574)	Transfers (to)/from Earmarked Reserves	(351,491)
<u>410,000</u>	General Fund Balance carried forward	<u>497,754</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 £87,754 on the general fund in the year, comprising of a net operating surplus of £454,904 for the year, the financing of capital expenditure of £15,659 and a transfer from the general fund to earmarked reserves of £351,491.

### 4. Earmarked Reserves

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

Earmarked Reserves	Balance 01-Apr-13 £	Contributions to/(from) Reserve £	Transfer to/(from) Reserve £	Balance 31-Mar-14 £
Festive Lights	8,581	1,466	0	10,047
Vehicle & Plant Replacement	45,000	24,000	(23,055)	45,945
King Georges Play Area & Skate Park	33,000	#25,100	(8,225)	49,875
Play Equipment-General Areas	45,000	15,000	0	60,000
Car Park Machines	30,000	10,000	0	40,000
Tennis Courts Refurbishment	21,205	*3,600	0	24,805
Repairs & Renewals Fund	685,764	243,186	0	928,950
Public Conveniences	190,000	20,000	0	210,000
King George's Changing Facilities	6,958	0	0	6,958
De Moulham Back Roads	26,818	1,139	0	27,957
Insurance & Contingency Reserve	30,000	5,000	0	35,000
IT Equipment	0	3,000	0	3,000
<b>Total</b>	<b>1,122,326</b>	<b>351,491</b>	<b>(31,280)</b>	<b>1,442,537</b>

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

# includes a contribution of £14,100 from Y-Axis

## 5. Usable Capital Receipts Reserve

2012/13		2013/14
£		£
6,248,690	Balance brought forward	6,168,795
71,667	Capital receipts	26,667
	Less:	
(151,562)	Capital receipts used for financing Assets	(786,769)
<u>6,168,795</u>	Balance carried forward	<u>5,408,693</u>

The UCRR holds the proceeds of the sale of fixed assets and can only be used in accordance with regulations. Swanage Sailing Club repaid a total of £26,667 of the principal outstanding on a loan granted in 2011/12. The Council also utilised £786,769 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 £760,102.

## 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 2014 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>	23,781	(105,240)	(81,459)
James Day Trust (Day's Park) <i>Gift of pleasure grounds</i>	163	(235)	(72)
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 2013	Net Contributions to/(from) Fund	Balance 31 March 2014
	£	£	£
De Moulham Trust	194,260	(81,459)	112,801
James Day Trust	829	(72)	757

## 7. Investments

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

Counterparty	Principal	Maturity Date	Rate
Corporate Bond - Vodafone	£1,022,530	08/09/2014	0.785%
Ignis Money Market Fund	£150,000	n/a	v
Federated Money Market Fund	£457,916	n/a	v
CCLA-Public Sector Deposit Fund	£50,000	n/a	v
Lloyds TSB Call Account	£2,671,516	n/a	1.10%
<b>Total Short Term Investments–(incl. in Box 8)</b>	<b>£4,351,962</b>		
CCLA-LAMIT Property Fund	£2,500,000	n/a	v
Swanage Sailing Club Loan	£26,667	24/01/2018	5.78%
Consolidated Stock	£62	n/a	2.50%
War Stock	£1,466	n/a	3.50%
Corporate Bond - Places For People (3 bonds)	£298,201	27/12/2016	avg 2.78%
<b>Total Long Term Investments–(incl. in Box 9)</b>	<b>£2,826,396</b>		
<b>Total Investments held @ 31<sup>st</sup> March 2014</b>	<b>£7,178,358</b>		

The Council had five short term investments held with Lloyds TSB, the CCLA Public Sector Deposit Fund (a qualifying MMF), Ignis Money Market Fund, Federated Money Market Fund (formerly Prime Rate) and a corporate bond (Vodafone) at 31<sup>st</sup> March 2014. The investments held with Lloyds and Vodafone have a guaranteed rate of return and the MMFs have a variable rate of return. All of the short term investments return the capital sum invested plus interest. The Council purchased further units in the CCLA LAMIT property fund during the course of the year, bringing the total principal invested in the fund to £2.5m. This investment has seen capital growth during the year, with a market value of £2.6m at 31<sup>st</sup> March 2014. Three bonds, with a total principal investment of £298,201 were purchased during the year. These are set to mature in December 2016. During the course of the year, Swanage Sailing Club made an additional principal repayment of £20,000 as well as the agreed instalments of principal, with a balance of £26,667 of the loan remaining outstanding at 31<sup>st</sup> March 2014, with a revised maturity date of 24/01/2018. 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 2013/14 the Council paid an employer's contribution of £95,329 (£91,365 in 2012/13) 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 2013/14 these amounted to £2,521 (£2,917 in 2012/13), representing 0.52% of pensionable pay.

## 9. Grants & Donations

The following grants and donations were issued in 2013/14.

	£
<b>Section 19- Misc. Provisions Act</b>	
S.Town & Herston Football Club (Vodafone)	3,750
<b>Section 137</b>	
Purbeck Film Festival	500
Swanage Regatta & Carnival Committee	500
Swanage Pier Trust	2,000
Victim Support	300
British Red Cross	300
Dorset Blind Association	300
2185 Air Training Corps	400
Blues Roots-Donation-Blues Festival	600
DCC - School Crossing Patrol	3,000
<b>Other Donations</b>	
DCC-Priests Way	750
New Year's Eve Road Closure	580
<b>Total</b>	<b>12,980</b>

## 10. Audit Fees

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

2012/13		2013/14
£		£
2,400	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	2,800
0	Adjustment on previous years audit fees	0
<u>2,400</u>		<u>2,800</u>

## 11. Items for Consideration

Any events after the year end, 31st March 2014, have been considered up to the date of the Annual Return, 28<sup>th</sup> May 2014. 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 and 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 2014 was £1,580,872. 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.