

SWANAGE TOWN COUNCIL



Budget Report

2011/12

Town Hall
High Street
SWANAGE
Dorset

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Budget Report 2011/12

This report provides a commentary on the revenue budgets for 2011/12, as set out, line by line, in the Estimates Book together with future projections until March 2014. The following paragraphs summarise its contents in relation to income and expenditure, dividing the Council's services between those shown in the summary as revenue generators and those contributing a net deficit to the general fund balance. Notes are also provided on planned capital expenditure for the year ahead. The final sections address the establishment of reserves and balances (in line with the Council's newly adopted policy), the setting of the precept and approval of the capital programme priority list for 2011/12.

Expenditure Analysis

At the outset it should be noted that the Town Council's costs will be under considerable inflationary pressure during 2011/12, the main sources of which are summarised below:

VAT	2.5% increase to 20%
Inflation – RPI (Dec 2010)	4.8%
Rates	4% increase
Utility Bills	4% increase
Pensions – Employer's Contribution	1% increase
National Insurance - Employer's Contribution	1% increase

The following table summarises the Council's greatest costs during the last full financial year. These costs account for almost 70 per cent of total Council expenditure.

Greatest Budget Expenditure	09/10 Actual	10/11 Probable Out-turn	11/12 Proposed Budget
Salaries and Wages	781,395	706,640	733,410
Rates	96,593	94,885	99,380
Audit Fees	74,123	25,000	20,000
Utilities	71,370	62,250	64,240
Insurance	56,586	50,985	49,950
Public Convenience Cleaning	50,850	50,800	51,000
Car Parks Cash Collection/Security	32,060	30,000	25,500
Legal and Professional Fees	31,036	28,000	28,000
Computer Services	24,496	25,000	25,000
Health & Safety	22,952	17,200	15,000
Refuse Disposal	18,428	21,395	25,000
Seaweed Removal & Beach Raking	15,910	15,440	16,000
	1,275,799	1,127,595	1,152,480

The Council's wage bill has been controlled over recent years through a recruitment freeze. The Council last recruited a new permanent member of staff in autumn 2007. Since that date the number of permanent employees (excluding those employed at the

Holiday Park) has declined from 41 to 28 – a 32 per cent reduction in the Council’s headcount, saving the Council in excess of £175,000 per annum.

In April 2009 the Town Council joined the County Council procurement of gas and electricity which has reduced bills.

The Council’s two biggest contracts, for insurance and public convenience cleaning, are to go out to tender during 2011/12, in line with the Council’s procurement policy and applicable EU procurement regulations. Significant savings are, therefore, unlikely to be realised until 2012/13. The Council’s contracts with its computer service provider do not expire during 2011/12, but it is proposed that officers enter into discussions about possible cost reductions.

Legal and professional fees are likely to remain a significant cost for the Council whilst a small number of ongoing claims are contested and a backlog of outstanding legal agreements is addressed.

Costs of the Council’s health and safety consultant have been reduced due to a lesser requirement for his services following staff training and implementation of risk assessments over recent years. The Operations Manager keeps the costs of refuse removal, beach raking and seaweed clearance under review. Joining the newly-formed Dorset Waste Partnership may provide an opportunity for the Town Council to reduce costs of refuse collection and disposal. Although this is not a possibility during its formative phase it is anticipated that during 2011 the Town Council will be able to commence talks for entry.

In terms of repairs and maintenance costs, no major repair schemes are planned outside of the capital programme.

The Town Council is committed to the identification and implementation of efficiency savings that do not have a detrimental impact on service delivery. As a result of actions taken during 2010/11 the budget for 2011/12 incorporates savings of £60,908 as a result of the continued recruitment freeze, a reduction in car parking security services, a new contract for printers and photocopiers, and the automation of the weather station.

It was agreed by the Finance and Performance Management Committee on 13th December 2010 that Council officers seek savings in 2011/12 through the following actions:

- Review of contracts for telephone and computer services.
- Swanage Railway water use to be transferred to the Railway Company as part of lease negotiations.
- Operations Manager to risk assess cessation of cash collection and counting services for the winter season 2011/12.
- Town Clerk to liaise with Legal Services at Weymouth and Portland Borough Council.
- Town Council to explore joining the Dorset Waste Partnership.

Public Conveniences

The Council's strategic objective is:-

- To provide an adequate number of safe, clean public toilet facilities.

The Council's Policies are:-

- To provide toilet facilities for visitors, tourists and shoppers
- To reduce the high level of vandalism suffered
- To upgrade and maintain facilities to an accepted standard
- To maximise the availability of facilities during the summer season.

The costs of operating the Town Council's public conveniences are anticipated to remain constant during 2011/12. Due to the additional pressure on Council facilities over the summer the Town Council provides additional facilities on Shore Road and will this year assist in providing temporary facilities on Sandpit Field for festivals and events, although this is to be largely funded by event organisers.

The level of provision of public conveniences is to be urgently reviewed, with particular attention focused on the facilities at North Beach Car Park and Burlington Chine. Particular concern has been expressed regarding the water costs related to the public conveniences at Swanage station, which totalled £7,413 for 2009/10. This matter is to be raised with Swanage Railway. On completion of this review the existing cleaning contract will be put out to tender in line with EU procurement regulations.

The Town Council recognises the need to invest in improving its public conveniences, many of which are in excess of 50 years old. The capital programme contains provision for refurbishing the facilities at Main Beach Car Park in conjunction with providing changing facilities for King George's Playing Field. The estimated total cost of this scheme is £225,000, although it is anticipated that external funding will reduce the final cost to the Town Council. In future years the replacement/refurbishment of facilities at Battlegate and Shore Road are the Council's priorities.

Parks and Operations, Downs, Grounds and Gardens

The Council's strategic objectives are:-

- To provide high quality recreational facilities, parks and open spaces for the benefit of residents and visitors to the town
- To provide an adequate number of safe recreational play areas for children of various ages
- To provide a facility in support of the Town Council's parks and general operations.

The Council's Policies are:-

- To ensure areas are properly maintained and footpaths are kept free from weeds
- To encourage a responsible attitude amongst dog owners
- To provide and maintain adequate facilities for the active participation in sport
- To liaise with other bodies for the provision of safe recreational facilities
- To develop and maintain areas as informal open space
- To encourage sports development
- To use the Depot as a base from which to service and store the Council vehicles, plant and machinery
- To encourage and train staff in new skills and health and safety procedures
- To make efficient use of equipment, plant and materials
- To provide maintenance services in respect of the Town Council's land and buildings.

The total budget for Parks and Operations together with the Downs, Other Grounds and Gardens has been reduced by 2.6 per cent on the probable out-turn for 2010/11. This is principally the result of reduced staff costs within the Operations Department and control of expenditure by the Operations Manager.

This area of operation accounts for by far the largest share of the projected capital expenditure for 2011/12. This includes £8,000 for improved lighting at King George's Field, £62,500 for a new play area at Day's Park with improved lighting, £10,000 for pathway resurfacing at Day's Park, £37,500 for stabilisation works on the Downs, and £50,000 for work towards the stabilisation of the seafront land.

The budget for corporate management (see below) includes a contribution of £7,500 towards the project development officer at Purbeck District Council to assist in taking forward these and other projects. This will help to ensure that the Town Council delivers its objectives and actively seeks sources of external funding.

CCTV System

The Council's Policy is:-

- To maintain, upgrade and monitor the CCTV system in conjunction with Dorset police.

The Town Council has allocated £8,375 towards the CCTV system for 2011/12, up from £7,750 in 2010/11. The Council has received no formal requests from Dorset Police for improvements to the system, but is engaged in the countywide CCTV Partnership Group process.

Beach Gardens

The Council's strategic objective is:-

- To provide recreational and sporting facilities for enjoyment and the active participation and development of sport.

The Council's Policies are:-

- To promote Beach Gardens as a tourist attraction
- To encourage the active participation in bowls and tennis
- To provide a sports facility for use by all generations and sections of the local community.

Projected expenditure at Beach Gardens is in-line with 2009/10, having peaked during 2010/11 as a result of one-off equipment purchases and repairs and maintenance expenditure. Agreement has now been reached with Swanage Tennis Club regarding the establishment of an earmarked reserve for court maintenance to which both parties will contribute to ensure the quality of the newly refurbished courts is maintained. The Town Council will no longer collect tennis club membership fees, but will receive a proportion as an annual fee for use of the facilities.

Fees and charges have been increased to pass on the 2.5 per cent increase in VAT to customers. Following consideration by the Finance and Performance Management Committee on 13th December 2010, Bowls Club fees have been amended to introduce a two-thirds reduction for new members joining after 1st August each year and junior fees have been extended to those aged under 19 whilst still in full-time education. There has been some confusion over court booking charges for under 16s. Currently the scale of charges contain a restriction that they will only apply between noon and 2 p.m. This was apparently introduced some years ago to limit reduced-price court usage at peak times. Practically, however, the kiosk staff have been charging this junior rate more widely and it is proposed that this restriction be formally lifted, with the proviso that during peak times priority may be given to those paying a full court hire fee.

The capital programme for 2011/12 contains £16,000 for electrical works at the Pavilion.

Beaches and Foreshore

The Council's strategic objective is:-

- To provide a safe, clean and well-maintained beach facility for all users.

The Council's Policies are:-

- To attain national recognition through maintaining the highest level of award or grading achievable
- To promote and maintain the beach as a tourist attraction

- To remove all large deposits of seaweed and dispose in an environmentally friendly manner
- To provide a safe environment for all bathers.

The budgets for 2011/12 remain largely stable and continue to make provision for the maintenance of the beach to European Blue Flag standards.

The Town Council has been notified that Purbeck District Council is considering passing to it the charge for laying the 5-knot buoys in the bay, currently estimated at £8,000 per annum. This sum has not been incorporated in the revenue budget.

Publicity and Tourist Information Centre

The Council's strategic objectives are:-

- To publicise and promote Swanage as part of a major tourism area
- To encourage a greater number of visitors by promoting tourism outside of the main summer season.

The Council's Policies are:-

- To promote, with other agencies, Swanage as the Eastern Gateway Town to the World Heritage Coast
- To work jointly with other agencies in the publicity of Swanage
- To encourage the maintenance and improvement of the standard of accommodation
- To promote and encourage "green tourism".

Over recent years significant savings have been made within this department, both as a result of reduced staffing levels during the winter and withdrawal of the marketing contribution to Purbeck District Council. The Town Council continues to contribute towards the cost of the Tourism Officer post and the District Council had planned to index link the contribution. However, at the Personnel Committee held on 10th December 2010 it was agreed that the Town Council's contribution should be capped at £5,500 per annum. The Town Council has also been requested to continue its contribution towards the Destination Management System. In 2010/11 this totalled £2,500 and this will rise to £2,625.32 in 2011/12 and £2,655.13 in 2012/13 before falling back to £2,355.13 in 2013/14.

The Town Council is concerned at the large sum required to bring the ageing building that currently houses the TIC up to twenty-first century standards and has appointed a working party to explore potential re-location options. Once vacated the building could be let on a repairing lease. Until such an alternative is identified and agreed a sum for refurbishment will remain in the Council's capital programme. That currently stands at £90,000 and has been scheduled for 2012/13.

Central Services

The Council's strategic objectives are:-

- To provide administrative support to enable the Council to function in an efficient and effective manner
- To provide and maintain adequate facilities for public meetings and office accommodation
- To maintain the Town Hall as a place of historic interest.

The Council's policies are:-

- To maintain the Town Hall buildings
- To provide a facility for use by voluntary groups
- To provide accommodation for other statutory bodies
- To maintain adequate office accommodation in support of the Town Council's administrative and civic functions
- To ensure that the necessary administrative support is available and staff trained to keep abreast of changing circumstances for all Council meetings and to assist Councillors in the discharge of their duties.

Central Services costs have been carefully controlled over recent years with planned expenditure for 2011/12 being 9 per cent lower than 2009/10. This is largely accounted for by the retirement of the previous Town Clerk in March 2010. The salaries and wages costs include provision for the appointment of an additional administration assistant, necessitated by a reorganisation of staff to provide additional support for the Operations Manager to ensure delivery of the Council's capital programme. A new post would have to be approved by the Town Council's Personnel Committee prior to any appointment being made.

The Town Hall is not only the base for the Council's central services but also houses the offices of the Citizens Advice Bureau, Connexions youth advisory service, Town and Community Partnership and Dorset Registration Services. The offices in the basement of the Town Hall are to be reorganised to provide an improved waiting area for service users. The Town Hall chamber is also to be licensed for weddings which will provide an additional small income stream for the Town Council.

The Capital Programme contains a sum of £70,000 allotted for 2011/12 for the urgent repair of the Town Hall roof to ensure that the integrity of the building is not lost, together with an upgrade of the plumbing system. Contributions from external funding bodies will be sought where possible and an approach is to be made to the Mercer's Company. The Town Council has also agreed to explore alternatives for the longer-term use of the building given the high costs of bringing it up to twenty-first century standards.

Democratic Representation and Corporate Management

Democratic Representation costs are projected to almost double in 2011/12 from a probable out-turn of £18,000 in 2010/11 to £35,650. This is in large part due to the four-yearly Town Council elections taking place in May 2011 at an estimated cost of £12,000. A budget of £4,500 has been allowed for the production of the Town Council's newsletter, *Swanage Matters*. The Personnel Committee on 10th December 2010 recommended a budget of £4,000 for a contribution towards editorial work, design and printing by the communications department at Purbeck District Council. An additional sum has been allowed for delivery costs.

Corporate Management costs have reduced significantly, largely as a reduction in District Audit fees from £74,000 in 2009/10 to a projected £20,000 in 2011/12. As stated above, £7,500 has been included as a contribution towards the project development officer at Purbeck District Council.

Income Analysis

The following table summarises the Council's most significant sources of income during the last full financial year. These headings account for over 80 per cent of total Council income.

Greatest Sources of Income	09/10 Actual	10/11 Probable Out-turn	11/12 Estimate
Precept	570,000	588,000	594,150
Car Parking (incl Co-Op)	550,198	561,480	565,350
Investment Income	99,850	165,000	205,800
Beach Bungalow Rents	68,828	68,810	70,000
Boat Park	37,903	37,500	38,000
Wilts & Dorset Rent	37,250	37,250	37,250
Sea Breeze Restaurant	33,000	33,000	33,000
Holiday Park Rental	13,336	30,000	30,000
Cemetery Charges	24,086	29,245	30,000
Beach Ice Cream Kiosks	21,500	21,500	21,500
Putting Fees	20,406	17,890	18,000
Santa Fe and Games Room Rent	18,000	18,000	18,000
Railway Rent and Store Room	14,425	14,425	14,425
Private Beach Hut Sites	14,267	14,630	14,740
Heritage Toilets	13,236	12,600	12,500
Forte's Ice Cream Kiosk	11,655	11,655	11,655
Bowls Fees	10,137	9,765	10,000
TIC Advertising Boards	9,208	9,225	9,250

Beach Concessions	9,025	9,155	9,155
Fishermen's Huts	8,144	7,800	8,005
Tennis Fees	6,211	5,200	5,250
Allotment Rents	6,207	6,400	6,630
Memorial Seats/Trees	5,326	3,000	1,200
	1,489,012	1,711,530	1,763,860

A number of rent reviews are outstanding and additional income may be achieved from Forte's ice cream kiosk, Swanage Railway, the Taxi Office and the beach concessions. There is also the opportunity to derive a small rental income from additional properties, including the lower grammar school field, Prospect nursery and the Town Hall annexe.

It should be noted that the Town Council is to lose the £4,500 agency contribution from Dorset County Council for weed clearance. It is proposed that the Town Council continue the weed clearance work that this contribution helps to fund, as the people of Swanage will expect high standards to be maintained. Officers are currently exploring contributions that may be available from Dorset County Council as part of the Lengthsman Scheme and a report will be made to the next meeting of the General Operations Committee in March 2011.

Car Parking

The Council's strategic objectives are:-

- To provide and maintain adequate facilities for tourists, shoppers and residents
- To reduce the conflict between people and traffic.

The Council's Policies are:-

- To fix charges at a level appropriate to other Council policies
- To provide low cost parking for residents of Swanage and surrounding villages
- To provide parking facilities for Coach Operators
- To provide adequate off-street parking for the disabled.

Car Parking receipts represent the Town Council's second largest source of income after the precept. Despite healthy income during summer 2010 the probable out-turn for 2010/11 is 4 per cent below budget. The proposed scale of charges, as recommended by the Transport Committee, contains an increase in all fees to account for the rise in VAT to 20 per cent. Summer charges have been increased further in long-stay car parks, and the period to which peak charges apply has been extended. The winter tariff structure is also to be brought in line with the summer structure of 1 hour/2hours/4 hours/24 hours which is likely to increase car parking income. It is anticipated that the introduction of a

facility to pay for car parking charges by mobile phone will also bolster income by increasing the ease of payment.

These changes are being implemented to minimise the risk that total income in 2011/12 will be reduced from 2010/11, and to ensure that funds are available for the Town Council to continue to provide its range of visitor facilities. Car parking income can be volatile as usage is influenced by the weather. The number of summer visitors has fluctuated in a range of 4 per cent above and 5 per cent below average usage over the last six summer seasons. The current difficult economic climate has also been acknowledged as a risk factor and having subjected the budget to a sensitivity analysis a 3 per cent drop in usage has been factored into the projected out-turn.

Following discussion at the Finance and Performance Management Committee on 13th December 2010 the structure of coach parking charges has been left unchanged, with an increase in line with other car parking charges.

The costs of car park cash collection and security have been reduced by ceasing the Securitas evening patrol service of car parks saving £6,000 per annum. Following a recommendation from the Transport Committee consideration is to be given to ceasing cash collection services for the winter period from November 2011. This may realise savings of £2,500 per annum. However, it will be necessary to carry out a full risk assessment and implement any mitigation measures before approval can be given for the re-instatement of the service in-house.

The Council's car parks are important in creating a positive first impression for visitors on arrival at Swanage and it is acknowledged that investment is required both in the short and longer term to ensure a high-quality visitor experience. £34,500 has been allocated in the Council's capital programme to improve lighting and signage at Broad Road and Main Beach car parks. Risk assessments have drawn to the need for improved lighting. It has been agreed that signage be introduced in all car parks thanking visitors for their payment and explaining the importance of their contribution to the provision of Town Council services.

Boat Park and Fishermen's Huts

The Council's strategic objectives are:-

- To maintain a facility for use by local fishermen
- To provide boat launching and storage facilities.

Boat park charges have been raised in line with the increase in VAT and up to an additional 3 per cent. It is also proposed that increased monitoring of the boat park by the council's enforcement officers at key launch times may lead to increased income at no additional cost to the Council. Nevertheless, in light of the shortening boat park waiting list and the difficult financial climate it is anticipated that the vacancy rate may increase and therefore these budgets contain an increase in boat park income of only 1.3 per cent on the probable out-turn for 2010/11.

A sum of £30,500 has been allocated in the capital programme for 2011/12 for boat park improvements, including resurfacing and the installation of lighting. Concerns have been raised regarding security at this facility following a number of thefts of boats and equipment over the past two years. Consideration is to be given to the most effective crime prevention measures that can be introduced in this location.

The Council will continue to keep the operation of this service under review and if an alternative business model, involving either the private sector or local clubs and societies, can be identified to maximise income and reduce capital expenditure this will be explored further in the forthcoming financial year.

The Fishermen's Huts rentals have been increased by 2.9 per cent (inclusive of the 2.5 per cent increase in VAT), although net income is likely to be reduced as a result of increasing refuse removal and utility bills. A sum of £30,000 has been allocated for the replacement of the hut roofs which contain asbestos and have been highlighted in the Council's risk assessments.

Cemeteries

The Council's strategic objectives are:-

- To provide under statute an area specifically reserved for burials.

The Town Council's cemetery charges have been increased by between 2 and 4 per cent, following consultation with the local undertaker at the General Operations Committee meeting in November 2010. Additional costs will be incurred during 2011/12 as a result of a re-valuation exercise, which has doubled the rates bill for Godlingston cemetery to £1,400, and the requirement for tree works.

The Finance and Performance Management Committee considered the introduction of charges for scattering of ashes both on the surface and under the turf and these have been incorporated in the scale of charges. Some confusion has arisen regarding the charge for interment of ashes which was set at £130 by the General Operations Committee but minuted at £140 following the Finance and Performance Management Committee. The figure of £130 has been included in the final draft scale of charges as this would be an increase from £125 which is in line with other cemetery charges.

2011/12 will see the opening of the Council's Natural Burial Ground in part of the grazing field adjoining Godlingston Cemetery. A scale of charges will be discussed at the next meeting of the General Operations Committee in March 2011.

Beach Bungalows and Burlington Chine Beach Chalets

The Council's strategic objective is:-

- To enhance the Town Council beach and seafront facilities.

The Council's Policies are:-

- To provide accommodation to beach users
- To promote greater use of the beach and seafront area
- To provide a clean and safe facility.

Expenditure in 2010/11 exceeded the original estimate as a result of urgent repairs and maintenance. In 2011/12 the net income is estimated to return to 2009/10 levels. Charges for summer 2012 are due to be set by the Council in April 2011.

The Council has again received a request from the Lions Club for a reduced rate for a block booking of a beach hut between 5th June and 16th July 2011. This hut is then let free of charge to voluntary organisations in the town. This was charged at £230 in 2010 and it is proposed to increase this to £240 for 2011. This has been added to the Scale of Charges which also includes the special rate charged to the Stroke Club of £795 for the period 1st April to 30th September.

Allotments

The Council's strategic objectives are:-

- To provide under statute allotment spaces to meet the demand of local residents.
- To liaise with the Prospect Allotment Association to regularly monitor and improve service delivery.

Increased repairs and maintenance, wage costs and skip hire have led to a reduced net income from the allotments since 2009/10, although these are projected to remain largely unchanged during 2011/12. The scale of charges contains a 3.6 per cent increase in allotment rents to £5.80 per rod, recommended by the General Operations Committee in November 2010 following consultation with the Allotment Association.

Swanage Town Council has acknowledged that the lengthy waiting list for allotment plots indicates that demand has far outstretched supply in recent years, although there are signs that it is now reducing in length. The Council has undertaken a search for an additional site, to date without success. However, the issue has now been noted in Dorset County Council's Purbeck Locality Asset Review document and been raised as part of the District Council's consultation on the Core Strategy.

The Town Council continues to work closely with the Prospect Allotment Association and discussions about the possible cultivation of the now redundant Prospect nursery site.

Other Buildings

The Council's corporate objective is:-

- To maximise contributions from commercial rents and activities generating income.
- To encourage utilisation of the Station Buildings as a transport interchange.

The principal properties under this heading are the railway station and bus depot. The Town Council is currently in negotiations with the Railway Trust regarding the future management and maintenance of the railway station buildings. Rent reviews are also outstanding in respect of the railway station and land, and the adjacent taxi office.

Bank Interest and Investment Income

The Town Council's policy in respect of investment income is set out in its Treasury Management Strategy Statement. Investments are made in line with the latest advice from the Department of Communities and Local Government (issued in March 2010) which prioritises the security and liquidity of funds over yield. Within this strategy diversification is key and the Town Council's funds are currently invested with four separate institutions producing an overall estimated return of 2.94 per cent.

Reserves and Balances

The Town Council is required by section 50 of the Local Government Finance Act 1992 to calculate 'the financial reserves which the authority estimates it will be appropriate to raise in the year for meeting its estimated future expenditure'. The District Auditor has regularly drawn the Council's attention to the need to establish a policy on reserves and balances and such a document is enclosed for approval. If the Council is to protect its capital receipt there is also the need to establish earmarked reserves for capital projects, and the following have been incorporated in the estimates for 2011/12:

- Festive Lights
- Vehicle and Plant replacement
- King George's Play Area and Skate Park equipment replacement
- King George's 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
- Insurance and contingency reserve

In setting the General Fund Balance consideration should be given to the Council's cash-flow and a risk assessment of contingencies. The base level is normally recommended to be between 1 per cent and 5 per cent of General Fund gross revenue expenditure, and given the relatively small size of Swanage Town Council a figure of 3 per cent has been

deployed. In addition a further analysis has been undertaken of the most significant financial risks contained in the Town Council's risk register, as set out in the table below. This establishes that a prudent minimum general fund balance is £220,600 and confirms that the Estimates Book projection of a 2011/12 year-end balance of £242,334 is robust.

RISK	Analysis of Risk	Total 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.	1,252,000	3	37,600
Pay inflation is greater than budgeted	The cost of living increase is above the level allowed for in the estimates.	733,410	1	7,300
Contractual inflation is greater than budgeted	A general increase of 4% has been assumed on rates & utilities. With RPI at December 2010 at 4.8% costs may increase above budgeted inflation.	1,252,000	2	25,000
Treasury management income is not achieved	That the actual interest rate that is achievable is below the rate predicted at budget setting.	205,800	1	37,000
Car park revenue is below forecast	That a decrease in revenue is realised from estimate.	565,380	10	56,500
Seasonal income is lower than budgeted	That a decrease in revenue is realised from estimate.	143,750	5	7,200
Contingent liabilities are realised	That the Council becomes liable to pay the contingent liabilities outlined in its Annual Statement of Accounts.	50,000	100	50,000
Minimum Balance Requirement				220,600

Precept

At budget setting 2010/11 the precept was increased by 3.1 per cent, generating an additional £18,000.

Under section 50 of the Local Government Finance Act 1992 Town and Parish Councils must take the following factors into account in setting their annual budgets:

- 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.

In planning the Council's expenditure for 2011/12 particular consideration has been given to the need for the Council to increase its reserves and balances being mindful of future capital, revenue and treasury requirements. Due consideration has also 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 increase in bills.

In accordance with the Local Authorities (Calculation of Council Tax Base) regulations 1992, Purbeck District Council has given a tax base figure of £4,963.63 for the parish of Swanage for 2011/12 (£4,912.00 for 2010/11). 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. The increase in the Tax Base to £4,963.63 enables the Swanage Town Council Precept to be increased by £6,150 (1.05 per cent) from £588,000 in 2010/11 to £594,150 in 2011/12 without an increase being levied upon the individual tax payer.

If Members were to seek a more cautious approach, an increase of 2.5 per cent in the precept would bring in an additional £14,700. A sum equivalent to a 2.5 per cent increase in Council Tax is being paid by central government to those principal authorities that freeze their Council Tax bills, but no such grant is being made available to Town and Parish Councils. This would provide a further contingency for any expenses arising from as yet unforeseen delegation of responsibilities from principal authorities, such as the £8,000 charge for laying of buoys in Swanage Bay, and any unpredicted urgent repairing obligations that arise from maintaining the Council's ageing asset base. As a result of the increased tax base this would equate to only a 1.4 per cent increase in a Band D bill.

These options are shown on the table at Appendix A.

Capital Programme

The Town Council has an obligation to ensure adequate investment is made in its property assets so that they remain fit for their required purpose. The revised Capital Programme sets out schemes to be completed over the next three financial years and is attached to the Medium Term Financial Strategy as Appendix A. This document focuses on known maintenance requirements and no longer records a broader list of aspirations. The total of outstanding works is estimated at £1.145 million over the next three years. Although this has been phased, the programme has been front-loaded to deal with the extensive urgent maintenance backlog and the enclosed priority list for 2011/12 totals £574,000. £100,000 of this is to be funded from revenue and £474,000 from the capital receipts reserve, as set out in section 7.2.3. of the Medium Term Financial Strategy. This does not preclude the sourcing of external funding which will be accessed where possible to limit the impact on the Council's finances.

Members are asked to approve the priority list for 2011/12 which will authorise officers to work-up these schemes and bring them forward to the appropriate council or committee meeting for final approval.

Martin Ayres
Town Clerk & RFO

January 2011