



Treasury Management Outturn Report H1 2022/23

Introduction

The Authority's treasury management strategy for 2022/23 was approved on 17th January 2022. The Authority has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.

External Context

Economic background: The ongoing conflict in Ukraine has continued to put pressure on global inflation and the economic outlook for UK and world growth remains weak. The UK political situation towards the end of the period following the 'fiscal event' increased uncertainty further.

The economic backdrop during the April to September period continued to be characterised by high oil, gas and commodity prices, ongoing high inflation and its impact on consumers' cost of living, no imminent end in sight to the Russia-Ukraine hostilities and its associated impact on the supply chain, and China's zero-Covid policy.

Central Bank rhetoric and action remained robust. The Bank of England, Federal Reserve and the European Central Bank all pushed up interest rates over the period and committed to fighting inflation, even when the consequences were in all likelihood recessions in those regions.

UK inflation remained extremely high. Annual headline CPI hit 10.1% in July, the highest rate for 40 years, before falling modestly to 9.9% in August. RPI registered 12.3% in both July and August. The energy regulator, Ofgem, increased the energy price cap by 54% in April, while a further increase in the cap from October, which would have seen households with average energy consumption pay over £3,500 per annum, was dampened by the UK government stepping in to provide around £150 billion of support to limit bills to £2,500 annually until 2024.

The labour market remained tight through the period but there was some evidence of easing demand and falling supply. The unemployment rate 3m/year for April fell to 3.8% and declined further to 3.6% in July. Although now back below pre-pandemic levels, the recent decline was driven by an increase in inactivity rather than demand for labour. Pay growth in July was 5.5% for total pay (including bonuses) and 5.2% for regular pay. Once adjusted for inflation, however, growth in total pay was -2.6% and -2.8% for regular pay.

With disposable income squeezed and higher energy bills still to come, consumer confidence fell to a record low of -44 in August, down -41 in the previous month. Quarterly GDP fell -0.1% in the April-June quarter driven by a decline in services output, but slightly better than the 0.3% fall expected by the Bank of England.

The Bank of England increased the official Bank Rate to 2.25% over the period. From 0.75% in March, the Monetary Policy Committee (MPC) pushed through rises of 0.25% in each of the following two MPC meetings, before hiking by 0.50% in August and again in September. August's rise was voted by a majority of 8-1, with one MPC member preferring a more modest rise of 0.25%. The September vote was 5-4, with five votes for an 0.5% increase, three for an 0.75% increase and one for an 0.25% increase. The Committee noted that domestic inflationary pressures are expected to remain strong and so given ongoing strong rhetoric around tackling inflation further Bank Rate rises should be expected.

On 23rd September the UK government, following a change of leadership, announced a raft of measures in a 'mini budget', loosening fiscal policy with a view to boosting the UK's trend growth rate to 2.5%. With little detail on how government borrowing would be returned to a sustainable path, financial markets reacted negatively. Gilt yields rose dramatically by between 0.7% - 1% for all maturities with the rise most pronounced for shorter dated gilts. The swift rise in gilt yields left pension funds vulnerable, as it led to margin calls on their interest rate swaps and risked triggering large scale redemptions of assets across their portfolios to meet these demands. It became necessary for the Bank of England to intervene to preserve market stability through the purchase of long-dated gilts, albeit as a temporary measure, which has had the desired effect with 50-year gilt yields falling over 100bps in a single day.

Bank of England policymakers noted that any resulting inflationary impact of increased demand would be met with monetary tightening, raising the prospect of much higher Bank Rate and consequential negative impacts on the housing market.

After hitting 9.1% in June, annual US inflation eased in July and August to 8.5% and 8.3% respectively. The Federal Reserve continued its fight against inflation over the period with a 0.5% hike in May followed by three increases of 0.75% in June, July and September, taking policy rates to a range of 3% - 3.25%.

Eurozone CPI inflation reached 9.1% y/y in August, with energy prices the main contributor but also strong upward pressure from food prices. Inflation has increased steadily since April from 7.4%. In July the European Central Bank increased interest rates for the first time since 2011, pushing its deposit rate from -0.5% to 0% and its main refinancing rate from 0.0% to 0.5%. This was followed in September by further hikes of 0.75% to both policy rates, taking the deposit rate to 0.75% and refinancing rate to 1.25%.

Financial markets: Uncertainty remained in control of financial market sentiment and bond yields remained volatile, continuing their general upward trend as concern over higher inflation and higher interest rates continued to dominate. Towards the end of September, volatility in financial markets was significantly exacerbated by the UK government's fiscal plans, leading to an acceleration in the rate of the rise in gilt yields and decline in the value of sterling.

Due to pressure on pension funds, the Bank of England announced a direct intervention in the gilt market to increase liquidity and reduce yields.

Over the period the 5-year UK benchmark gilt yield rose from 1.41% to 4.40%, the 10-year gilt yield rose from 1.61% to 4.15%, the 20-year yield from 1.82% to 4.13% and the 50-year yield from 1.56% to 3.25%. The Sterling Overnight Rate (SONIA) averaged 1.22% over the period.

Credit review: In July Fitch revised the outlook on Standard Chartered from negative to stable as it expected profitability to improve thanks to the higher interest rate environment. Fitch also revised the outlook for Bank of Nova Scotia from negative to stable due to its robust business profile.

Also in July, Moody's revised the outlook on Bayerische Landesbank to positive and then in September S&P revised the GLA outlook to stable from negative as it expects the authority to remain resilient despite pressures from a weaker macroeconomic outlook coupled with higher inflation and interest rates.

Having completed its full review of its credit advice on unsecured deposits at UK and non-UK banks, in May Arlingclose extended the maximum duration limit for five UK banks, four Canadian banks and four German banks to six months. The maximum duration for unsecured deposits with other UK and non-UK banks on Arlingclose's recommended list is 100 days. These recommendations were unchanged at the end of the period.

Arlingclose continued to monitor and assess credit default swap levels for signs of credit stress but made no changes to the counterparty list or recommended durations. Nevertheless, increased market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

Local Context

On 31st March 2022, the Authority had net investments of £6.7m (current value) with usable reserves and working capital being the underlying resources available for investment.

Borrowing Strategy during the period

At 30th September 2022 the Authority was debt free. The Authority's capital expenditure plans and treasury strategy does not imply a need to borrow during the remainder of the financial year.

Treasury Investment Activity

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Authority's investment balances ranged between £6.2m and £6.7m due to timing differences between income and expenditure and the seasonality of the Authority's revenue generating activities. The investment position and the change over the six months to 30th September 2022 is shown in Table 1 below.

Table 1: Treasury Investment Position

Investment Portfolio	31.03.22 Balance £	Net Movement £	30.09.22 Balance £	30.09.22 Income Return %
Banks and building societies (unsecured)	534,427	751,028	1,285,455	
Money Market Funds	750,000	0	750,000	
UK Govt	452,108	43,837	495,945	
Total Internal Investments	1,736,535	794,865	2,531,400	1.48%
Investments in Pooled Funds:				
Property	3,580,092	27,181	3,607,273	
Multi-Asset	469,529	(38,303)	388,474	
Bonds	919,299	(53,848)	840,245	
Total External Funds-Market Value	4,968,920	(64,970)	4,835,992	3.67%
TOTAL INVESTMENTS	6,705,455	729,895	7,367,392	2.92%

Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

The increases in Bank Rate over the period under review, and with the prospect of more increases to come, short-dated cash rates, which had ranged between 0.7% - 1.5% at the end of March, rose by around 1.5% for overnight/7-day maturities and by nearly 3.5% for 9-12 month maturities.

By end September, the rates on DMADF deposits ranged between 1.85% and 3.5%. The return on the Council's sterling low volatility net asset value (LVNAV) Money Market Funds ranged between 0.5% in early April and between 1.9% at the end of September.

The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 2 below.

Table 2: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.03.2022	4.44	AA-	74%	42	0.22%
30.09.2022	4.64	A+	80%	37	1.48%
Similar LAs	4.70	A+	52%	63	1.47%
All LAs	4.29	AA-	55%	18	1.72%

Externally Managed Pooled Funds:

£4.8m current value/£4m book value of the Authority’s investments are held in externally managed strategic pooled bond, multi-asset and property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability.

In the 1-year period to 30th September 2022, these funds generated a total return of £308k (6.57%), comprising a £172k (3.66%) income return which is used to support services in year, and £136k (2.91%) of unrealised capital gain. The total unrealised capital gain from purchase to 30th September 2022 is £0.83m. However, this is in total with two of the long-term investments showing a large unrealised capital loss. A detailed breakdown of the 12-month performance of the Authority’s strategic investments is shown in Appendix A.

The April-September period was a very difficult environment for bonds engendered by global central banks’ determination to bring high and persistent inflation under control through increases in policy rates and strong rhetoric. The sell-off in gilts, other sovereign bonds and corporate bonds with a rise in gilt/bond yields (i.e. a fall in price) was reflected in the Authority’s bond and multi-asset income funds. The increase in policy rates in the UK, US and Eurozone and the prospect of low to no growth and a recessionary period ahead was also a challenging period for equities, the FTSE All Share index falling from 4187 on 31st March to 3763 on 30th September, whilst the MSCI World Index fell from 3053 to 2378 over the same period. The fall in equity valuations is reflected in the multi-asset income funds.

Significant financial market volatility and uncertainty remain due to stagflation fears, little sight of the war in Ukraine ending soon and ongoing supply chain issues, a lingering problem over the past 30 months, yet to be fully resolved.

The change in the Authority’s funds’ capital values and income earned over the 12-month period is shown in Appendix A.

Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority’s medium- to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns will exceed cash interest rates.

Estimates for income 2022/23

Estimated income from treasury investments was set at £140,000 for the 2022/23 financial year.

Table 3: Income-Actual v Budget 30 September 2022

	Actual £k	Budget £k	Under/Over £k
Treasury Investment Income	91	83	8

yields, the risks are now broadly balanced to either side. Over the longer term, gilt yields are forecast to fall slightly over the forecast period.

Background:

Monetary policymakers are behind the curve having only raised rates by 50bps in September. This was before the “Mini-Budget”, poorly received by the markets, triggered a rout in gilts with a huge spike in yields and a further fall in sterling. In a shift from recent trends, the focus now is perceived to be on supporting sterling whilst also focusing on subduing high inflation.

There is now an increased possibility of a special Bank of England MPC meeting to raise rates to support the currency. Followed by a more forceful stance over concerns on the looser fiscal outlook. The MPC is therefore likely to raise Bank Rate higher than would otherwise have been necessary given already declining demand. A prolonged economic downturn could ensue.

Uncertainty on the path of interest rates has increased dramatically due to the possible risk from unknowns which could include for instance another Conservative leadership contest, a general election, or further tax changes including implementing windfall taxes.

The government's blank cheque approach to energy price caps, combined with international energy markets priced in dollars, presents a fiscal mismatch that has contributed to significant decline in sterling and sharp rises in gilt yields which will feed through to consumers' loans and mortgages and business funding costs.

UK government policy has mitigated some of the expected rise in energy inflation for households and businesses flattening the peak for CPI, whilst extending the duration of elevated CPI. Continued currency weakness could add inflationary pressure.

The UK economy already appears to be in recession, with business activity and household spending falling. The short- to medium-term outlook for the UK economy is relatively bleak.

Global bond yields have jumped as investors focus on higher and stickier US policy rates. The rise in UK government bond yields has been sharper, due to both an apparent decline in investor confidence and a rise in interest rate expectations, following the UK government's shift to borrow to loosen fiscal policy. Gilt yields will remain higher unless the government's plans are perceived to be fiscally responsible.

The housing market impact of increases in the Base Rate could act as a “circuit breaker” which stops rates rising much beyond 5.0%, but this remains an uncertainty.

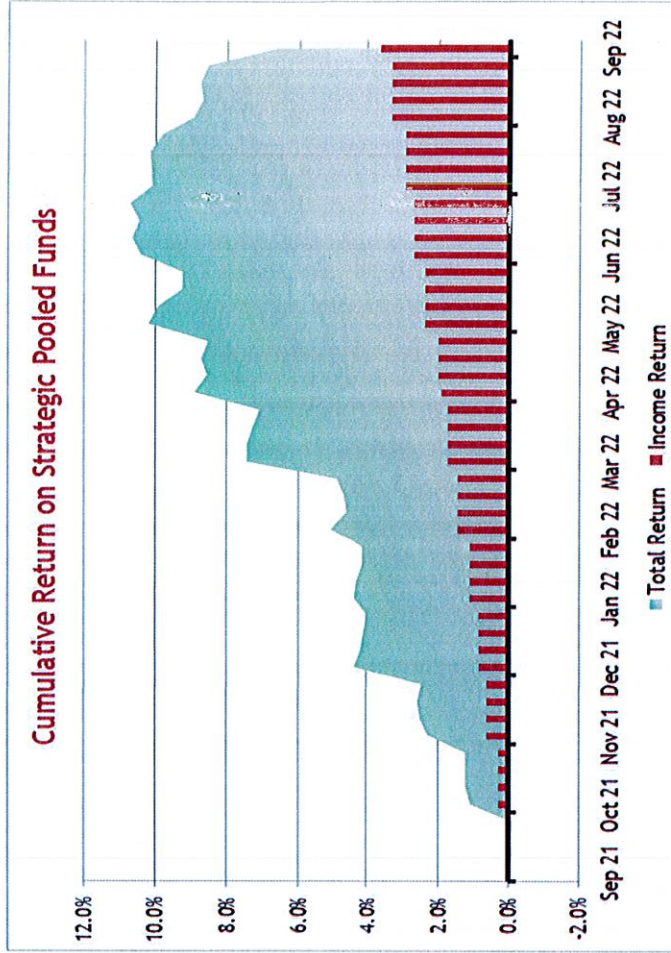
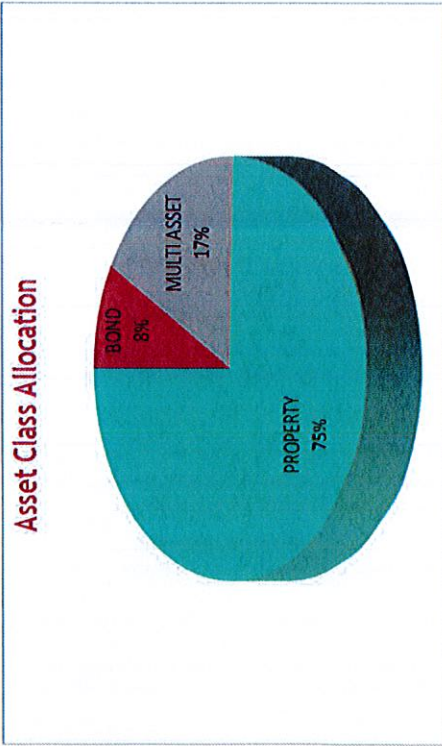
Appendix A

STRATEGIC POOLED FUND PORTFOLIO From: 30/09/2021 To: 30/09/2022

SWANAGE

FUND NAME	ASSET CLASS	No of Units Held in Period	Current Value £	Capital Growth £	Dividends Earned £	Holding Period (yrs)	Capital Return	Income Return	Total Return	Volatility
CCLA - LAMIT PROPERTY FUND	PROPERTY	1,053,526	3,607,273	349,349	124,464	1.0	10.72%	3.82%	14.54%	5.9%
M&G STRATEGIC CORPORATE BOND FUND	BOND	494,241	388,474	-114,306	13,943	1.0	-22.73%	2.77%	-19.96%	6.1%
NINETY ONE (INVESTEC) DIVERSIFIED INCOME FUND	MULTI ASSET	955,126	840,245	-98,478	33,709	1.0	-10.49%	3.59%	-6.90%	4.4%
GRAND TOTAL			4,835,992	136,566	172,115	1.0	2.91%	3.66%	6.57%	5.0%

Unrealised capital gain since purchase: 833,492 Annualised income return: 3.67%



Capital Programme – Monitoring Report 2022/23

Project Ref:	Project	2022/23 Budget	Forecast Outturn for the year	Actual Expenditure Year to Date	Status
		£	£	£	
Approved Projects-2022/23 Estimates					
1	Play Areas/Skate Park King Georges Skate Park	25,000	25,000	0	Ongoing
2	Station Approach Infrastructure Improvements	10,000	0	0	Ongoing
3	Downs Peveril Point Stabilisation Scheme	75,000	0	0	Ongoing
4	Seafront Coastal Defence Projects Stone Quay - Reconstruction and Bonding	50,000	0	0	Ongoing
5	Depot Mezzanine Decking	22,000	0	0	Not Active-Deferred
6	Spa Stabilisation & Regeneration	300,000	0	0	Ongoing
7	Environmental Sustainable energy	36,000	0	0	Ongoing
8	Beach Gardens Tennis Court Resurfacing	29,000	32,374	32,374	Completed
9	Capital Grants S&PDT - Football Club redevelopment	90,000	0	0	Transferred to revenue
10	Vehicles Tractor & attachments	30,000	30,750	0	On order
11	Tourism Beach Hut Booking System	15,000	0	0	Transferred to revenue
12	TIC Beach Cleaning Store	15,000	15,000	0	Ongoing
	Subtotal	697,000	103,124	32,374	
Projects brought forward from 2021/22					
BF1	Play Areas King George's Play Area		42,490	42,490	Completed
BF2	Cemetery Godlingston Extension		30,293	6,170	Ongoing
BF3	Parks Days Park- Footpath Lighting Installation		70,000	0	Ongoing
BF4	Roads Panorama Rd/Quarry Close & Cow Lane- Upgrade/Improvement		75,215	0	Ongoing
	Expenditure B fwd Subtotal		217,998	48,660	
Approved Additional Projects					
AD1	Vehicles Trimax Snake		24,450	0	On order
	Additional projects Subtotal		24,450	0	
	Total Capital Expenditure	697,000	345,572	81,034	

Project Updates:

1: Play Areas/Skate Park: King Georges Equipment Replacement

Proposals are to be discussed at the Community Services Meeting to be held 9th November 2022. **Ongoing. Financing- Earmarked reserves (EMR).**

2: Station Approach-Infrastructure

Consultants have been engaged through Dorset Council to undertake work to produce an options appraisal. Updates will be given to the Sub-Committee during the year with the full report to be reviewed by the Traffic Management Advisory Committee in November with only revenue costs now anticipated in the current financial year. **Ongoing-Deferred to 23/24. Financing -UCRR.**

3: Downs-Peveril Point Stabilisation Scheme

Following a tender exercise, a contract was awarded to WSP at the council meeting held on 26th September 2022, minute 86 b) to prepare the design and specification of highway and ground stabilisation works required to Peveril Point Road, together with a tender package. It is now unlikely that capital works will be carried out in this financial year, but deferred to 2023/24. **Ongoing-Deferred. Financing -UCRR**

4: Seafront Coastal Defence Projects: Stone Quay Reconstruction & Bonding

It was reported to the Capital Projects Sub-Committee on 8th June that Dorset Council's FCERM team have confirmed that they are able to provide professional advice in order to determine the scope of works required in the context of a wider coastal defence project. It is now likely that the only costs to be incurred during the current financial year are revenue costs, with the larger scale capital project being deferred. **Ongoing. Financing -UCRR**

5: Depot-Mezzanine Decking

This project has been reviewed and amended. Rather than installing mezzanine decking, it is thought that the installation of an external store/shelter would be preferable, given the need for ventilation. This project will be deferred until 2023/24 with costs likely to be c. £16k, with £6.7k of the likely saving part financing the additional vehicle to be purchased in 22/23, ref:10and AD1 refers. **Not Active-revised and deferred to 23/24. Financing -UCRR.**

6. Spa & Seafront-Stabilisation and Regeneration

A tender was awarded to WSP in April 2022, under delegated authority, Minutes 171 & 185 (b), to provide a feasibility report for stabilisation of the ground and redevelopment of the area. At its meeting held 27th July 2022, Council awarded the contract to WSP to undertake preliminary design work to include sketch plans presenting design solutions for Sandpit Field, Weather Station Field and the Spa. It is now anticipated that the main construction phase will be in 2024/25 with only preliminary costs being incurred prior to this. **Ongoing. Financing -EMR.**

7: Environmental- Sustainable Energy

In March 2022, minute 161 b), CO2 Target consultants were appointed to develop the Council's Carbon Neutral Strategy, which is ongoing. However, a submission has been made for a SALIX grant which if successful will enable the council to implement larger sustainable energy projects than initially envisaged but will also require additional match funding. This will inevitably defer

implementation until the next financial year. The Environmental Committee will consider the report and cost implications on 23rd November. **Ongoing. Financing -UCRR**

8: Beach Gardens: Tennis Court 3 Resurfacing

Initially earmarked for 2021/22, this project ultimately rolled over to the 2022/23 financial year due to problems encountered with ground stability. In April 2021, minute 180, Council confirmed its commitment to funding £6,000 for the installation works, and approved the additional contribution of £5,000 for professional fees associated with determining the final specification and providing oversight of the installation.

In March 2022, Minute 161 a), Council awarded the contract to ETC Sport Surfaces Ltd for a sum of £30,990 following a tender process, with £24,990 to be funded from third parties. The Council's contribution of £6,000, will be underwritten by the Tennis Club for a period of 5 years. Works were completed in July 2022. The actual cost was £32,624, with the additional costs to be met by the Tennis Club. **Completed. Financing EMR (CIL)/Third Party Contributions.**

9: Capital Grants – Football Club - Swanage & Purbeck Development Trust

A budget of £90,000 was provided in 2022/23 for a grant to the Swanage & Purbeck Development Trust in order to appoint architects to progress the redevelopment of the Football Club facilities.

In May 2022, minute 20, Council approved the drawdown of £55,000. However, at the Council meeting held 11th July, a revised sum of £9,398 was requested. This revised sum was approved for payment and as such will be treated as a revenue grant. **Transferred to revenue account.**

10. Vehicles-Tractor & attachments

A selection of appropriate machinery and testing was undertaken by a number of the Operations team. A review of the current equipment fleet was also undertaken and potential revenue efficiencies were identified through the purchase of new equipment. As such, in addition to the tractor it was recommended that the council purchase a more efficient mower. This would be part funded from EMR and receipts realised from the disposal of old, inefficient equipment, with the balance to be financed from the savings from UCRR met from the changes made to project ref: 5

It was recommended by the Capital Projects sub-committee to Council to approve the purchase of a John Deere 4066m tractor at a cost of £30,750 and a Trimax S2 320 mower at a cost of £24,450. This was agreed, minute 86 (a) at the meeting held 26th September 2022. **Ongoing: Financing-UCRR/EMR/GF**

11. Tourism-Beach Hut Booking System

This project has been moved to the revenue account as the cost, £9,500, has fallen below the de minimus level for capital expenditure. **Transferred to revenue account**

12. TIC-Beach Cleaning Store

A scope of works is currently being drawn up. The outcome of this will determine whether this remains on the capital programme or is met as a revenue cost.

Ongoing. Financing - UCRR

BF1: Play Areas: King Georges Equipment Replacement

The Tender was awarded to Sutcliffe Play in January 2022 for £87,995, with works are commencing in February. The works were delayed and additional costs incurred as reported to Council in March 2022, minute 160, resulting in the project being carried over to 2022/23.

Works were completed in May at a total cost of £95,920, with costs of £53,530 being paid in 2021/22 (£50,000 from a COMF grant) and £42,490 in 2022/23. **Completed. Financing- EMR/Third Party Contribution.**

BF2: Cemetery-Extension

At the Extraordinary Meeting of the Council held on 5th May 2021, Council awarded the contract for the extension of Godlingston Cemetery to Suttle Projects Ltd for a sum of £246,118, Minute 193. The project was delayed due to weather conditions and has rolled over into the 2022/23 financial year.

In 2021/22 £215,825 of construction costs were incurred. £6,170 has been paid in the current financial year with limited landscaping and ground works outstanding to completion. **Ongoing. Financing-UCRR.**

BF3: Parks-Days Park Footpath & Lighting Installation

This project was initially considered by Council on 26th April 2021. However, this project was deferred to the 2022/23 financial year.

At the meeting of the Capital Projects sub-committee held on 8th June 2022, proposals were considered, with a budget requirement of £120,000 being reported. This matter was discussed, and the project approved, by Council on 11th July 2022, with procurement arrangements to be considered by Council on 27th July 2022.

Following representations made by SHFC, at its meeting held 17th October 2022, Minute 104, Council has agreed to now phase the implementation of the full scheme, postponing the construction of a path across Journey's End in order to give more consideration to the impact of a potential revised pitch layout on the path proposals. The revised cost is now £70,000 for phase one. **Ongoing. Financing -EMR (CIL Reserve).**

BF4: Roads

a) Panorama Road/Quarry Close & Cow Lane– Upgrade/Improvement Scheme

Initial discussions took place with Dorset Council during 2020/21, with initial exploratory works having been undertaken. Council agreed to proceed with the adoption of the roads by Dorset Council and approved a budget of £82,000 to complete the works required to facilitate the adoption.

At the council meeting held 27th July 2022 Minute 67 b) the contract was awarded to Dorset Council to upgrade the southern section of Cow Lane at a cost of £20,695 and the northernmost stretch of Panorama Road at a cost of £54,520. **Ongoing. Financing -UCRR**

AD1: Vehicles-Trimax S2 320

Ref:10 refers

Alison Spencer - Finance Manager

Martin Ayres-Town Clerk

Gail Percival-Assets & Compliance Manager

Culvin Milmer-Visitor Services and Business Development Manager

November 2022

To confirm discounted period charges for Shore Road Beach Huts 2023-24

During 2021-22 it was proposed that the Shore Road Beach Hut charges be approved by the Town Council for a two year period from 2022-23 to 2023-24. However, although this was approved in principle, the minutes do not record this decision. Next year's bookings have been advertised on this basis and the booking system is due to open later this month. This Committee is, therefore, asked to confirm that the bookings should proceed on this basis. Should Members wish to review the beach hut charges then the bookings would need to be postponed until the New Year.

During the implementation of the charges for 2022-24 it was noted that the two years were of unequal length, the former being a 53 week and the latter a 52 week year. While this does not affect the daily or weekly prices, it does have an impact on the discounted period charges. Therefore, the charges included in the attached table are recommended for approval by the Committee.

Shore Beach Huts Discounted Hire Prices – Changes

Period	The Shore Premium		The Shore	
	Lower	Upper	Lower	Upper
1 April 2023 - 12 May 2023 - Proposed	£459.00	£306.00	£306.00	£204.00
1 April 2023 - 12 May 2023 - Original	£535.00	£357.00	£357.00	£238.00
Difference	-£76.00	-£51.00	-£51.00	-£34.00
1 April 2023 - 29 March 2024 - Proposed	£4,584.00	£3,223.00	£3,155.00	£1,930.00
1 April 2023 - 29 March 2024 - Original	£4656.00	£3,270.00	£3,208.00	£1,960.00
Difference	-£72.00	-£47.00	-£53.00	-£30.00

The different weeks do not affect the Spa prices as there is only a single discounted period for the summer season.

Decision required

To confirm whether or not the freeze in beach hut charges agreed in principle last year for 2023/24 should be implemented.

To recommend to full Council an adjustment to these charges to account for the shorter year.

Culvin Milmer

November 2022

Appendix 1 – Full list of charges for Shore Road Beach Huts

Swanage Beach Hut Prices for 2023-24

Shore Beach Huts

Period	Lower	Upper	Lower	Upper
	Weekly (Sat - Fri)		Daily	
1 April 2023 - 12 May 2023	£60.00	£40.00	£15.00	£10.00
13 May 2023 - 14 July 2023	£105.00	£70.00	£20.00	£15.00
15 July 2023 - 1 September 2023	£220.00	£150.00	£32.00	£22.00
2 September 2023 - 15 September 2023	£105.00	£70.00	£20.00	£15.00
16 September 2023 - 29 March 2024	£25.00	£25.00	£6.00	£6.00

Shore Premium Beach Huts

Period	Lower	Upper	Lower	Upper
	Weekly (Sat - Fri)		Daily	
1 April 2023 - 12 May 2023	£90.00	£60.00	£24.00	£15.00
13 May 2023 - 14 July 2023	£160.00	£100.00	£31.00	£20.00
15 July 2023 - 1 September 2023	£330.00	£215.00	£50.00	£31.00
2 September 2023 - 15 September 2023	£160.00	£100.00	£31.00	£20.00
16 September 2023 - 29 March 2024	£40.00	£38.00	£10.00	£8.00

Shore Beach Huts Discounted Hire Prices

Period	The Shore Premium		The Shore	
	Lower	Upper	Lower	Upper
1 April 2023 - 12 May 2023	£459.00	£306.00	£306.00	£204.00
13 May 2023 - 14 July 2023	£1,224.00	£765.00	£841.00	£535.00
15 July 2023 - 1 September 2023				
2 September 2023 - 15 September 2023				
16 September 2023 - 29 March 2024	£672.00	£532.00	£504.00	£350.00
28 October 2023 - 29 March 2024	£528.00	£418.00	£396.00	£275.00
18 November 2023 - 29 March 2024	£456.00	£361.00	£342.00	£237.00
9 December 2023 - 29 March 2024	£384.00	£304.00	£288.00	£200.00
20 January 2024 - 29 March 2024	£240.00	£190.00	£180.00	£125.00
1 April 2023 - 29 March 2024	£4,584.00	£3,223.00	£3,155.00	£1,930.00



FINAL

Internal audit report 2022/23

Visit 1 of 6

SWANAGE TOWN COUNCIL

Date: 29th September 2022

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Introduction

This report contains a note of the audit recommendations made to Swanage Town Council following the carrying out of internal audit testing on site on the 7th, 8th and 12th September 2022.

The audit work has been carried out in accordance with Appendix 9 of the 2014 'Governance and Accountability for Local Councils: A Practitioners' Guide', as supplemented by the requirements of later AGARs, with additional tests specific to the Council as agreed with the Town Clerk and Finance Manager.

An internal audit covers the review of the operation of the Council's internal control environment. It is not designed to review and give full assurance over every transaction carried out by the Council. Instead it enables the auditor, following the sample testing of a number of different types of transaction, to give an opinion as to whether or not the control objectives are being achieved across a range of financial and governance systems.

Audit Opinion

As this audit report is an interim one, no audit opinion is offered at this stage.

The report issued after the final visit for 2022/23 (which will be in May 2023) will contain the audit opinion and a summary of all the high and medium level findings and recommendations made during the 2022/23 audit year.

The following areas were reviewed during this audit visit (all testing complete except where noted):

1. Proper Bookkeeping
2. Risk Management (minute review) – work in progress
3. Income, with a specific focus on:
 - a. TIC rent (beach huts) – work in progress
4. Exemption
5. Public rights
6. Publication – work in progress
7. Depot stocks and stores

Audit Recommendations

Recommendations made during the audit are shown in appendix one to this report.
Recommendations are graded as follows:

Rating	Significance
High	Either a critical business risk is not being adequately addressed or there is substantial non-conformity with regulations and accepted standards.
Medium	Either a key business risk is not being adequately addressed or there is a degree of non-conformity with regulations and accepted standards.
Low	Either minor non-conformity with procedure or opportunity to improve working practices further.

The number of recommendations made at this audit visit and their priority are summarised in the following table:

Rating	Number
High	0
Medium	0
Low	7
Info	0
TOTAL	7

I would like to thank Martin Ayres, Town Clerk; Alison Spencer, Finance Manager; Gail Percival, Operations Manager; Anthony King, Stores Manager; Culvin Milmer, Visitor Services Manager; and the Visitor Services team for their assistance during this audit.

Darkin Miller ~ Chartered Accountants
2022/23 INTERNAL AUDIT OF SWANAGE TOWN COUNCIL
FINAL REPORT VISIT 1 OF 6: 29th SEPTEMBER 2022

Appendix 1 – Recommendations and Action Plan

Recommendation number	Detail	Priority (Low/Medium/High)	Management Response	Responsible Officer	Due Date
25.1 – Ensure clothing request forms fully completed	<p>Clothing stocks are issued following the submission of a signed clothing request form. The form is signed by the stocks supervisor on issue, and by the Operations Manager or Deputy on review. The personal clothing issue record is updated to record all clothing issued (note this does not include stocks of masks or gloves which are classified as consumables, but records those stocks which are in use for a longer period of time). The signed request forms are filed behind the related personal clothing record, all of which are filed alphabetically in the Personal Clothing Issue folder (an A4 lever arch).</p> <p>I checked a sample of operations staff clothing records to confirm that all clothing request forms had properly completed and signed, and that they agreed to the related clothing record. I found that the majority of sample requests were fully completed and that all requests tied back to the clothing record, but that one of the clothing requests had not been dated (although I noted that the clothing record contained a note of the date of issue).</p>	L	Agreed	Operations Manager	Completed and ongoing

25.2 – Ensure petrol can stock movements records are fully completed	I recommend that the clothing request forms are fully completed in order to improve the audit trail. Petrol stock cans records are maintained by the Stores Manager. They record fuel in and fuel out (date/job no./unit/quantity/supplied to) and remaining balance (petrol stock). I checked a sample of petrol can stock movement records to ensure that they were correctly maintained. I found that records were fully completed for most fuel out, but that on one sheet there was no job number for 1/18 entries on one sheet (job numbers are recorded against all removals of fuel in order to monitor which are the use relates to); another sheet was not counter-signed at the end of the sheet by the Stores Manager (to evidence that it had been checked), and there was a small casting error on a third sheet (the total was out by 5 litres, against 605 litres used during the financial year to date).	L	Agreed	Operations Manager	Completed and ongoing
25.3 – Ensure staff sign equipment stocks back in after use	I recommend that the petrol can stock movement records are fully completed and that the casting of the stock movements is double-checked, in order to improve the audit trail. The Council maintains records of hand held machinery issued to staff and returned each day. The records note the date, item make or description, quantity, the name of the staff member to whom the equipment was issued, the date that the equipment was returned, space for staff to sign the equipment in and out of stores and a notes column (to detail any issues with the equipment). I checked a sample of 6 (out of 32)	L	Agreed	Operations Manager	Completed and ongoing

	<p>handheld equipment stock movement records to ensure that they are correctly maintained. I found that records were complete for almost all equipment stock movements, but that one item of equipment stock was not signed back in (albeit I noted that the same piece of equipment was signed back out a few days later, indicating that it had been returned to stock but that the related paperwork had not been fully completed).</p> <p>I recommend that staff are reminded that they need to sign to evidence the return of equipment stocks, in order to evidence that the stocks have been properly returned at the end of each day.</p>			
<p>25.4 – Label vehicle key issue log book; and set up issue log book for non-vehicle keys</p>	<p>The Council maintains a vehicle key issue log in a hard-back A4 log book. This records the date, key number, name of employee signing the key out, and has space for the signature of the employee on sign-out, and the stores supervisor on sign in. There is also a comment column if the return of the key is delayed (e.g. the vehicle is in the garage). I checked a random sample of 5 pages of the log book for the financial year, and found that all records were properly completed. I noted that the old log book ran from 11/09/17 - 01/09/21, and that the new log book (which runs from 02/09/21 to date) is unlabelled.</p> <p>I also noted that there is a separate, loose-leaf record which records the issue of keys to third parties (e.g. for them to access buildings or equipment to carry out repairs). This records which keys were issued, the date</p>	<p>L</p>	<p>Agreed and new non-vehicle log book in place and operating as per recommendation.</p>	<p>Operations Manager</p>
				<p>Completed</p>

	<p>and location, and includes a space to record the name or signature of the person being given the keys. There is no space to record the return of the keys.</p> <p>I recommend that the new vehicle key issue log book is labelled, and that a separate log book is used to record non-vehicle keys issued, and that the non-vehicle key log book is set up to record the same information and signatures as are used in the vehicle key issue log book.</p>			
<p>25.5 – Ensure vehicle check sheets are fully completed</p>	<p>Daily vehicle check sheets are maintained for each vehicle when the vehicle is in use. The sheets cover one month and note the date, driver, hours or mileage, whether or not the vehicle is in serviceable condition, the action taken if not and there is space for a signature. A sample of 5 sheets were checked to ensure that they had been properly completed. One sheet did not have an entry for the final mileage for the month/total mileage used for the final visit.</p>	L	Agreed	Operations Manager
<p>25.6 – Ensure loose leaf records are filed when complete</p>	<p>I recommend that the vehicle check sheets are fully completed in order to improve the audit trail.</p> <p>The radio issued to the car park enforcement officer is monitored via the use of loose leaf sheets which record the date, radio number, location, and name of staff that the radio was issued to; and which has space for the radio to be signed out and signed back in. The sheets are not sequentially numbered, but are filed in date order. Some of the sheets had been filed in a slim A4 file, but others were placed in the file and held together by a paper clip.</p>	L	Agreed	Operations Manager

<p>I recommend that completed sheets are properly filed in the A4 file in order to reduce the risk of them being lost or damaged.</p>				
<p>25.7 – Pack tent away and dispose of waste packaging</p>	<p>L</p>	<p>Agreed</p>	<p>I carried out a physical inspection of the depot site to confirm that stock levels are reasonable, security is good and storage areas are tidy. I checked the insides of the small stores/clothing stock area (in the main depot building), the equipment store, carpenters' area and general storage mezzanine (in the second unit), the small container (fuel cans), and shipping containers (cleaning materials, paint, chemicals, unissued equipment and mowers). I found that stock levels were reasonable, security is good, and that storage areas are tidy except for the chemicals container (which has a small amount of empty packaging on the floor which needs to be disposed of) and the mezzanine (which contains a tent and other camping equipment that has been discarded by visitors, and is held by the Council for a short period in case of requests to return it).</p> <p>I recommend that the tent is dismantled and packed away pending collection or disposal; and that the empty packaging is disposed of at the earliest opportunity, in order to keep storage areas tidy and free from waste material.</p>	<p>Completed.</p>
		<p>Operations Manager</p>		

Finance and Governance Committee – 9 November 2022

Agenda item 9) Health & Safety Report – April to September 2022

There have been 6 incidents or accidents reported since 31st March 2022. Four of these resulted in no incapacitation, two of these resulted in less than three days incapacitation. There had been no RIDDOR matters.

In conjunction with the Council's Health and Safety Advisors Worknest, a revised and updated Health and Safety Handbook was issued to all staff in October 2022. To accompany this, three sessions were delivered to teams within the Council by Worknest, reviewing and discussing the elements of the handbook most relevant to their roles.

Formal training completed to date in this financial year has included the courses set out below. In terms of scale, these have ranged from mandatory training for all staff, training of large or small groups of staff and training for individual team members.

- Conflict resolution and personal safety
- First aid at work
- Manual handling
- Royal Horticulture Society – Level 2 Award
- Fire Warden training
- Introduction to neurodiversity
- Lantra Safe Application of Pesticides
- Lantra Chainsaw and felling refresher
- Competence in Trailer Handling and Towing
- IPAF powered access
- Lean Management Techniques
- Abrasive wheels
- NCFE Certificate in Principles of Team Leading
- Driving course and test
- LANTRA 360 Excavator (up to 10 tonne) 1-Day REFRESHER Training
- MIG/MAG welding
- CIPD level 3
- SAGE Payroll
- SAGE 50 Accounts

Informal and/or inhouse training has also been delivered in the form of Toolbox Talks and attendance at relevant webinars.

The training plan for the forthcoming year is in development and the budget for 2023/24 will be reviewed at the Personnel Committee meeting in November.

For decision

That the Council note the contents of this report.

Gail Percival, Assets and Compliance Manager

November 2022