

SWANAGE TOWN COUNCIL



Financial Review Year Ended 31st March 2011

Contents

1. Introduction and Overview
2. Financial Review
 - Revenue Account/Service Provision
 - Capital Programme and Planning
 - Treasury Management
 - Earmarked Reserves
3. Accounting Statements
 - The Annual Return
 - Accounting Policies
4. Supplementary Information in Support of the Annual Return
 - Income & Expenditure
 - Prior Period Adjustments
 - Bank Reconciliation
 - Reconciliation of Cash to Reserves
 - Tangible Fixed Assets and Long Term Investments
 - Long Term Borrowing
 - Notes

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1. Introduction & Overview

In March 2011 the government brought into effect the Accounts and Audit (England) Regulations 2011, thus updating and consolidating previous legislation. Consequently the Council is now classed as a “smaller relevant body” (SRB), having income or expenditure less than £6.5m in the financial year of account. The effect of this reclassification is that the statutory statement of account is now presented as the Annual Return, which has been published separately. The Council’s Annual Report has also been published separately.

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.

	Budget	Actual	Variance
	£	£	+ve/(-ve)
Net Expenditure :-			£
Car Parks (incl. Co-op Management A/c)	419,655	408,138	(11,517)
Boat Park	27,205	27,083	(122)
Public Conveniences	(155,265)	(108,685)	46,580
Cemeteries	(3,130)	3,776	6,906
Parks and Operations (incl. CCTV)	(272,615)	(193,734)	78,881
Beach Gardens	(28,815)	(22,699)	6,116
Beaches & Foreshore	(24,085)	(16,135)	7,950
Beach Chalets/Bungalows	47,440	45,630	(1,810)
Publicity/Tourism	(95,470)	(87,857)	7,613
Allotments	(3,725)	1,680	5,405
General Buildings & Grounds	59,285	80,710	21,425
Grants & Donations	(10,000)	(9,135)	865
Central Administration	(367,700)	(328,809)	38,891
Democratic & Corporate Management	(185,085)	(75,642)	109,443
Loan Repayments, Interest Payable & Bank Charges	(36,590)	(24,851)	11,739
Net Investment Income	180,000	174,260	(5,740)
Net Expenditure	(448,895)	(126,270)	322,625
Transfer to Earmarked Reserves	(25,000)	(276,618)	(251,618)
Precept	588,000	588,000	0
Net Surplus on the General Fund	114,105	185,112	71,007

The Town Council’s overall financial position improved significantly during 2010/11, building on the improvement achieved during 2009/10. The surplus for the year of £185,112, when added to the surplus of £67,079 brought forward from the previous financial year, has produced a general fund balance of £252,191 as at 31st March 2011. This sum is in-line with the long-term ambition of the Council to achieve a robust general fund balance that could withstand the detrimental impact of the most serious risks identified in the Council’s risk register being realised.

FINANCIAL REVIEW 2010/11

It is encouraging that there were no significant negative variances against budgets. This was the first full year since the disposal of Swanage Bay View Holiday Park, and this has assisted budgeting which was previously complicated by the uncertainty inherent in predicting the level of caravan sales and performance of the bar and catering function.

The investment of the capital receipt derived from the sale of the park has not provided a return equal to that achieved by the operation of the park in its best-performing years. Investments have been made in line with government guidance that emphasise security and liquidity, and expectations regarding yield have had to be lowered in the current low interest rate environment. Nevertheless, the Council's investment strategy can be judged a relative success, achieving only £5,740 less than budget for the year.

The Council's other significant income streams performed reasonably well. Car parking income rose by 3% year on year, although net income fell short of an optimistic budget by £11,500. Income from beach huts was down both on previous year's performance and budget. These seasonal income streams were possibly adversely affected by the poor weather towards the end of last summer. Boat park income, however, remained stable despite the potential for a downturn in business arising from the recession.

Net expenditure at Beach Gardens was reduced by £6,116, although this situation is skewed by payments from the Tennis Club for 2009/10 being received in 2010/11. This was due to the delayed conclusion of negotiations to formulate a usage agreement. This headline figure obscures a decrease in tennis income from non-club members of £1,200 and a decline in putting income of £2,510. These trends should be carefully monitored over the coming year.

Cemetery income was up on budget, and 25% up year on year, due to a higher than expected number of interments and the sale of "A" graves. Allotment income was stable, but net expenditure was below budget due to significant under-spending on materials, equipment and skip hire.

One of the principal reasons for the Council's significant positive variance on budget is reduced costs. Democratic and Corporate Management costs were significantly below budget. The decrease in fees charged by the external auditor accounted for £43,500 of the variance. Internal audit fees also reduced as a result of the disposal of the Holiday Park. The early payment of costs relating to the retirement of the previous Town Clerk during 2009/10 accounted for £55,500 of the variance.

Central service costs were also reduced with significant savings coming from reduced salaries and wages costs (£5,598), health and safety consultancy costs (£9,269), and insurance costs (£6,084). Revenue expenditure on legal and professional services was also lower than planned as matters relating to the sale agreement of the Holiday Park have been paid from capital receipts. By contrast, expenditure on computer services was £11,188 over budget. This was largely due to the Council being bound into contracts for the supply of equipment to the Holiday Park which has been transferred to the Town Hall. The Council has agreed that these contracts will be reviewed during the 2011/12 financial year.

Significant savings were also made by the Operations Department. A reduction in staff numbers contributed to wage costs coming in £33,991 under budget, with employee costs being £56,000 under original budget for the Council in total. Expenditure at the Depot was £7,644 under budget and vehicle maintenance costs £9,234 less than planned, following the replacement of the Council's ageing vehicle fleet. Further savings derived from the deferral of repairs and maintenance work to the following financial year, including £23,693 of improvements to the public conveniences. The

FINANCIAL REVIEW 2010/11

significant savings on the total public convenience budget derived from reductions in water, electricity and hygiene services costs.

Savings were also made in respect of the beaches and foreshore due to reduced staff costs and under-spending on signs, equipment and materials. Likewise, expenditure on tourism and publicity was below budget in respect of postage, printing and stationery, materials and equipment, and hired services.

As a result of these widespread savings and under spends, the Council has, in line with its policy on reserves and balances, allocated £251,618 to earmarked reserves in addition to the budgeted £25,000. This will help to ensure that funds are available to finance the Council's extensive maintenance obligations and future capital projects.

Capital Programme and Planning

The table below summarises the actual capital expenditure for the 2010/11 financial year.

	Funded from Capital Receipts £	Funded from Earmarked Reserves £	External Funding £	Total Cost £
Land & Buildings				
Tennis Court Refurbishment-Completion of 1st Phase	3,000			3,000
Tennis Court Refurbishment-Fencing	10,750			10,750
King Georges Field-Skate Park Fencing	7,250			7,250
King Georges Field-Skate Park Ground Works	10,430		*10,430	20,860
Northbrook Cemetery-Pathway Resurfacing	9,085			9,085
Northbrook Road (DM Estate)-Road		8,589		8,589
Vehicles, Plant & Equipment				
Nissan NV200 HG60 GYC	11,190			11,190
Ford B299 Van Base HG60 EGK	9,240			9,240
Cabstar MWB Double Cab HG60 LRY	7,000	10,790		17,790
Cabstar SWB Single Cab HG60 LPY	5,500	9,885		15,385
Cabstar SWB Single Cab HG60 LPV	5,500	9,885		15,385
Ransomes Highway 3 Mower AY140 EWX	5,500	18,930		24,430
TOTAL	84,445	58,079	10,430	152,954

*A contribution of £10,430 was received from Y-Axis for the ground work improvements carried out at King George's Skate Park in the year.

Several capital works projects were undertaken in 2010/11. The upgrade of the tennis courts at Beach Gardens was completed in the year. The next phase is expected to be completed over the next few years following discussions with the Tennis Club and the establishment of an earmarked reserve to fund improvement works on the tennis courts, with an equal contribution being met by the Council and the club. Further improvement works at King George's skate park were also undertaken in the year, with a contribution towards the cost of this work having been received from Y-Axis skate group. Other improvement works were carried out at Northbrook Cemetery and on the Northbrook Road

service road. The works at Northbrook Road have been funded from a reserve established from contributions received following the development of properties in the De Moulham Trust Estate.

The Council replaced its entire fleet of vehicles during 2010/11, ensuring that the Council's work force are able to carry out their duties effectively, reducing any "down time" and the need to hire vehicles for general operational purposes. The part exchange allowance received for the disposal of some of its vehicles greatly reduced the cost of this replacement to the Council.

The Council's Asset Management Plan has been established to ensure that the resources tied up in land and buildings are kept to a minimum and that expenditure is used effectively and efficiently to provide value for money. The Town Council holds assets both for its operational purposes and for the benefit of the local community and will look to dispose of assets that are not required for these purposes. Proceeds from any such disposal may be used to acquire new assets to improve service delivery.

Treasury Management

During the course of the 2010/11 financial year the Council adopted a Treasury Management Strategy Statement incorporating an Annual Investment Strategy. This policy document was produced in line with CLG's *Guidance on Local Government Investments* and in discussion with the Council's appointed treasury advisors, Arlingclose. The Council has looked to maximise the return from its investments, whilst minimising risk and ensuring the security of its investments. The Town Council entered into two short term fixed deposits totalling £3.5m and opened an account with two pooled investment funds, MMF's, with just over £0.5m being invested in one of these funds at year end. The Council also entered into a long term investment with the CCLA LAMIT property fund, which should see the council's £2m capital invested increase in value over the term of the investment. Throughout the year the Council has also looked to maximise interest on its working capital.

Outstanding long-term borrowing was reduced by £17,186 to £8,283 as at 31st March 2011 (£25,469 as at 31st March 2010) with the early repayment of one long term loan due to mature in July 2029 of a principal outstanding of £595. The council will repay its final instalment of PWLB loans in July 2011, with the council being debt free at this point. Further details can be found in the Council's Annual Treasury Report 2010/11.

Earmarked reserves

The Council adopted a Reserves and Balances Policy in 2010/11 to ensure that future expenditure requirements can be met. The Council has acknowledged in its Asset Management Plan that in order to continue to provide a high level of services to residents and visitors the Council has an obligation to maintain or improve its assets. Through the adoption of this policy the Council addressed the need to establish earmarked reserves in order to set aside sums in order to meet anticipated future expenditure required in order to maintain the Council's assets/service provision.

A net contribution of £276,618 was made to earmarked reserves from revenue. During the course of revising the budget for 2010/11, £110,000 was identified as being available from the general fund to transfer to earmarked reserves. The surplus on the general fund for the year has been more favourable than anticipated therefore in line with its policy a proportion of the additional surplus on the general fund balance of £170,000 has been transferred from the general fund to earmarked reserves. Of this £170,000 surplus, an additional £70,000 has been appropriated to the general repairs & renewals fund, being the sum of budgeted works that have been pushed back into 2011/12. £100,000, being the sum of major under spends, has been allocated to a Public Conveniences reserve so that the Council's public conveniences can be upgraded to meet customer expectations. Further details of the funds held can be found on page 11.

3. Accounting Statements

The Annual Return

The statutory statement of account is now 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 2010/11 financial year and its position at 31st March 2011. 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)*. The comparative period has been restated in the newly adopted format.

There have been some fundamental changes to the Council’s accounting policies and the reporting requirements of the financial statements:

- Non cash items such as depreciation, revaluation and the impairment of assets are no longer applicable;
- Expenditure on fixed assets and long term investments are expensed in the Income & Expenditure Account as acquired. Gains or losses are only recognised at the point of disposal;
- The only reserves applicable to the Annual Return are the Usable Capital Receipts Reserve, General Fund and Earmarked Reserves. The Capital Financing Reserve (CFA) is not relevant to the Annual Return;
- Extensive notes to the financial statements are no longer required.

The transition to the Annual Return as the statement of accounts has resulted in comparative periods being restated into the new format and opening balances have been affected.

4. Supplementary Information in Support of the Annual Return

The Annual Return - Income & Expenditure				
2009/10			2010/11	
(Restated)				
£	£		£	£
	*(591,467)	<i>Reserves & Balances brought forward - Box 1</i>		6,608,702
		Income		
	570,000	<i>Precept - Box 2</i>		588,000
394,374		Rental, Interest & Investment Income	510,656	
667,074		Charges made for Services	685,147	
283,872		Other Income or Contributions	253,815	
1,024,474		Discontinued operations: Caravan Park	0	
7,113,626		Capital Receipts/Capital Grants	65,894	
	<u>9,483,420</u>	<i>Total Other Receipts - Box 3</i>		<u>1,515,512</u>
		Expenditure		
		<i>Salaries and Wages</i>		
(486,722)		Direct Service Costs	(468,567)	
(294,673)		Democratic, Management and Civic Costs	(236,358)	
(225,949)		Discontinued operations: Caravan Park	0	
	<u>(1,007,344)</u>	<i>Total Staff Costs - Box 4</i>		<u>(704,925)</u>
	(70,480)	<i>Loan interest/capital repayments - Box 5</i>		(18,594)
		<i>Other Costs</i>		
(665,394)		Direct service costs	(664,270)	
(6,035)		Grant-aid expenditure	(9,135)	
(472,199)		Democratic, Management and Civic Costs	(178,964)	
(542,551)		Discontinued operations: Caravan Park	0	
(89,248)		Capital Expenditure	(167,315)	
0		Long Term Investments	(2,000,000)	
	<u>(1,775,427)</u>	<i>Total Other Costs - Box 6</i>		<u>(3,019,684)</u>
	<u><u>6,608,702</u></u>	<i>Reserves & Balances carried forward - Box 7</i>		<u><u>4,969,011</u></u>

Prior Period Adjustment

*The reserves and balances figure brought forward from 2008/09 has been restated to allow for the transition to the Annual Return. The total stated as the carried forward figure from the 2008/09 accounts was £77,353 with a reduction of £668,820 being realised upon transition. This has resulted in the restated brought forward figure of (£591,467). The reduction in reserves is due to the requirement to repay all “internal” borrowing to allow a smooth transition as the Annual Return is not designed to facilitate financial adjustments made on it such as repayments of internal borrowing. During 2009/10 an internal borrowing repayment of £300,000 was made from the Usable Capital Receipts Reserve (UCRR) to the Capital Financing Account (CFA) and was shown in the 2009/10 accounts. This however was an historical discrepancy in the accounting for the financing of capital expenditure through temporary borrowing and not an actual external borrowing repayment. During the course of restating the accounts into the Annual Return format a further £368,820 was shown to also be outstanding, also a legacy of historical accounting entries and this sum has also been written out through an appropriation from the UCCR to the CFA. The required adjustment of £668,820 has therefore been made on the opening balances figure. This has been carried out on the basis of discussion with the external auditor (BDO) and with the agreement of the district auditor.

Bank Reconciliation for year ended 31st March 2011			
	£	£	Note
Bank Accounts			
Current	59,058		
Deposit	133,579		
		192,637	
<i>less</i>			
unpresented cheques		(12,711)	
<i>add</i>			
uncleared funds		792	
<i>less</i>			
monies held for third parties		(34,023)	6
adjusted bank balance @ 31st March		146,695	
<i>add</i>			
petty cash		455	
Total cash and bank		147,150	
Cash or Cash Equivalents			
Short Term Investments held @ 31st March 2011			
Lloyds TSB	3,000,000		
Barclays	1,500,000		
MMF	503,695		
Total Short Term Investments		5,003,695	8
Total Cash or Cash Equivalents – Box 8		5,150,845	

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.

2009/10 £		Note	2010/11 £
7,245,906	Box 8 - Total cash and short term investments		5,150,845
244,474	(+)Debtors	1	141,883
(881,678)	(-) Creditors	2	(323,717)
6,608,702	(=) Box 7 - Balances carried forward		4,969,011

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 receipted through total other receipts (Box 3). The book value of the sum of these assets is shown in Box 9 on the Annual Return.

	<u>Operational Assets</u>				<u>Non-Operational Assets</u>	Total
	Land & Buildings	Vehicles, Plant & Equipment	Infrastructure	Community	Investment Properties	
	£	£	£	£		£
Tangible Fixed Assets- Cost or Valuation						
As at 1 April 2010	3,735,153	334,106	8,020	28,000	600,000	4,705,279
Additions/Enhancements	41,860	93,420	9,085	8,589	0	152,954
Donated Assets	0	0	0	0	0	0
Disposals	(500)	(75,458)	0	0	0	(75,958)
As at 31 March 2011	<u>3,776,513</u>	<u>352,068</u>	<u>17,105</u>	<u>36,589</u>	<u>600,000</u>	<u>4,782,275</u>
Long Term Investments- Cost						
As at 1 April 2010						1,528
Purchased						2,000,000
Sold						0
As at 31 March 2011						<u>2,001,528</u>
Total Fixed Assets and Long Term Assets – Box 9						6,783,803

Long Term Borrowing

2009/10 £	Analysis of Loans by Type	2010/11 £
(25,469)	Public Works Loans Board (PWLB)	(8,283)
<u>(25,469)</u>	Total Outstanding	<u>(8,283)</u>
Analysis of Loans by Maturity		
Amount due to be repaid within:		
(16,591)	Less than 1 year	(8,283)
(8,878)	1 year +	0
<u>(25,469)</u>	Total Outstanding – Box 10	<u>(8,283)</u>
2 Loans		1 Loan

In March 2011 the council made an early repayment of £595 on its long term loan that was due to mature in 2029. The council will make the final repayment of £8,283 on its one outstanding loan in July 2011, leaving the council debt free.

Notes

1. Debtors

2009/10 £		2010/11 £
Amounts falling due in one year :-		
65,723	HMRC-VAT	26,766
182,016	Sundry Debtors	113,631
(10,000)	Provision for Bad/Doubtful Debtors	(10,304)
5,640	Payments in Advance	9,094
1,095	Stock	2,696
<u>244,474</u>	Total	<u>141,883</u>

The debtors total has decreased from 2009/10 to 2010/11. A one off receipt from HMRC of £39,941 for VAT and Interest due on ECNs following the Fleming case was outstanding at 31st March 2010. The settlement of all matters relating to the disposal of the Caravan Park and a reduction in the beach hut/property rentals outstanding at year end have also contributed to the reduction in the debtors total at 31st March 2011.

The provision for bad/doubtful debtors has been marginally increased, with the increase of £304 being realised as an expense in the annual return. This increase has been made following further analysis of the aged debtors and the likelihood of their collection.

2. Creditors

2009/10		2010/11
£		£
(244,859)	HMRC-VAT/Interest	(9,056)
(13,872)	HMRC-PAYE/NI	(11,027)
(506,901)	Sundry Creditors	(192,767)
(116,046)	Receipts in Advance	(110,867)
<u>(881,678)</u>	Total	<u>(323,717)</u>

During 2010/11 the Council paid over to HMRC the sum of £235,623 being the total of withheld VAT relating to Off Street Car Parking revenue received since October 2007. The Council since April 2010 has been informing HMRC of the amount of VAT being withheld on a quarterly basis and paying this sum over to HMRC under assessment. This has resulted in the council not being liable to interest payments on withheld VAT and having only £9,056 withheld at 31st March 2011.

The sundry creditors total has reduced significantly from 2009/10 to 2010/11 due on the whole to large one off payments that remained outstanding at 31st March 2010. These were £158,755 due to Dorset County Council for early retirement costs, £64,555 due to Darwin for settlement of matters still outstanding at the Caravan Park and £77,917 payable to the Audit Commission.

Movement of Reserves				
	Balance 31 March 2010	Net movement in year	Balance 31 March 2011	Note
	£	£	£	
	Restated			
General Fund	67,079	185,112	252,191	3
Earmarked Reserves	121,630	218,539	340,169	4
Usable Capital Receipts Reserve	6,419,993	(43,342)	6,376,651	5
Total	<u>6,608,702</u>	<u>360,309</u>	<u>6,969,011</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 investment of £2m held with the CCLA LAMIT property fund is shown as expensed under Box 6 of the Annual Return, reducing the total of reserves and balances in Box 7 however this is a movement from a short term investment to a long term investment and as such is not shown as being expensed from a reserve.

3. The General Fund

2009/10 £		2010/11 £
(76,850)	General Fund Balance brought forward	67,079
175,791	Net Surplus or (Deficit) for Year	461,730
(31,862)	Transfers (to)/from Earmarked Reserves	(276,618)
0	Capital expenditure charged in-year to the General Fund Balance	0
<u>67,079</u>	General Fund Balance carried forward	<u>252,191</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 £185,112 on the general fund in the year, comprising of a net operating surplus of £461,730 for the year and a transfer from the general fund to earmarked reserves of £276,618.

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 31 March 2010 £	Contributions to Reserve £	Contributions (from) Reserve £	Balance 31 March 2011 £
Festive Lights	2,180	2,533	0	4,713
Vehicle & Plant Replacement	0	15,000	0	15,000
King Georges Play Area & Skate Park	0	11,000	0	11,000
Play Equipment-General Areas	0	15,000	0	15,000
Car Park Machines	0	10,000	0	10,000
Tennis Courts Refurbishment	0	*14,400	(7,595)	6,805
Repairs & Renewals Fund	83,753	110,000	(49,490)	144,263
Public Conveniences	0	100,000	0	100,000
King George's Changing Facilities	6,958	0	0	6,958
De Moulham Back Roads	28,739	0	(12,309)	16,430
Insurance & Contingency Reserve	0	10,000	0	10,000
Total	121,630	287,933	(69,394)	340,169

* Includes a contribution of £7,200 from the Tennis Club

5. Usable Capital Receipts Reserve

2009/10 £ Restated		2010/11 £
64,435	Balance brought forward	6,419,993
(668,820)	Adjustment for the repayment of internal borrowing	0
7,113,626	Capital receipts	55,464
	Less:	
0	Payment of Legal Fees-Indemnities	(14,361)
(89,248)	Capital receipts used for financing Assets	(84,445)
<u>6,419,993</u>	Balance carried forward	<u>6,376,651</u>

The UCRR holds the proceeds of the sale of fixed assets and can only be used in accordance with regulations. In 2010/11 the council disposed of several of its fixed assets; vehicles, land and the granting of an easement for net proceeds totalling £55,464. The Council also used £84,445 in the course of the year to finance capital expenditure, purchasing a new fleet of vehicles, upgrading the tennis courts at Beach Gardens and enhancement works in the parks and other areas. The Council also financed the legal costs incurred in negotiations with a third party over the indemnity clauses included in the sale agreement of the caravan park. This was done in agreement with the district auditor. Over the course of the year the Council saw a decrease in this reserve of £43,342.

6. Third Party Transactions

The following funds are administered by the Council on behalf of third parties, with all funds being held in the Council's bank account. These funds have been excluded from the Council's income and expenditure and balances on the annual return.

	Balance 1 April 2010 £	Net Contributions to/(from) Fund £	Balance 31 March 2011 £
Swanage Town & Community Partnership	32,335	(575)	31,760
James Day Trust	892	40	932
Burlington Chine Chalets	47	(47)	0
Mayor's Appeal	576	755	1,331
Total	<u>33,850</u>	<u>173</u>	<u>34,023</u>

7. Trust Funds – Box 11

The Council acts as Corporate Trustee for three Charitable Trusts. The Income & Expenditure for the year to 31st March 2011 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>	501	10,103	(9,602)
James Day Trust (Day's Park) <i>Gift of pleasure grounds</i>	317	277	40
King George's Field <i>Deed of dedication entered into 5th May 1951</i>	0	0	0

Charitable Funds held by Trusts:

	Balance 31 March 2010 £	Net Contributions to/(from) Fund £	Balance 31 March 2011 £
De Moulham Trust	205,361	(9,602)	195,759
James Day Trust	892	40	932

8. Investments

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

Counterparty	Principal	Duration	Maturity Date	Rate
Lloyds TSB Fixed Deposit	£3,000,000	1 Year	26/10/2011	2.5%
Barclays Fixed Deposit	£1,500,000	1 Year	06/01/2012	1.8%
Prime Rate Liquidity Fund Money Market Fund	£503,695			v
Total Short Term Investments–(incl. in Box 8)	£5,003,695			
CCLA-LAMIT Property Fund	£2,000,000			v
Consolidated Stock	£62			2.5%
War Stock	£1,466			3.5%
Total Long Term Investments–(incl. in Box 9)	£2,001,528			
Total Investments held @ 31st March 2011	£7,005,223			

The Council has three short term investments held with Lloyds TSB, Barclays Bank and Prime Rate Liquidity Money Market Fund at 31st March 2011. The investments held with Lloyds and Barclays have a guaranteed return and the MMF has a variable rate of return. All three investments return the capital sum invested plus interest. The Council has one material long term investment of £2m held with CCLA and the council expects to see capital growth over the term of the investment. The Council also has two investments with HM Treasury in war and consolidated stock totalling £1,528.

9. 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 2010/11 the Council paid an employer's contribution of £94,432 (£116,055 in 2009/10) 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 2010/11 these amounted to £2,930 (£163,001 in 2009/10), representing 0.61% of pensionable pay.

10. Grants & Donations

The following grants and donations were issued in 2010/11.

	£
S.Town & Herston Football Club (Vodafone)	3,750
South Purbeck Task Group-Streetwise Transport	250
Purbeck Film Academy	321
Swanage Area Senior Forum-Hopper Bus	321
Blues Roots-Donation-Blues Festival	571
DCC - School Crossing Patrol	3,601
Walkfest	321
Total	9,135

11. Audit Fees

Following the reclassification of the Council as a smaller relevant body, BDO has been appointed by the Audit Commission as the Council's external auditors. The shift to a limited assurance audit regime and the resolution of ongoing disputes has realised a significant reduction in external audit fees.

2009/10		2010/11
£		£
36,000	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	6,000
5,764	Adjustment on previous years audit fees	420
32,359	Fees payable in respect of other services provided by the appointed auditor	0
<u>74,123</u>		<u>6,420</u>

The audit fees charged to the accounts in the financial year includes the current year's anticipated audit fees and a provision for any potential costs charged by the Audit Commission for work already carried out relating to the 2010/11 accounts prior to the reclassification of the council as a smaller relevant body.

12. Items for Consideration

Any events after the year end, 31st March 2011, have been considered up to the date of the Annual Return, 14th June 2011. 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.

Commission on Caravan Sales at Swanage Bay View Holiday Park

The Town Council has received objections from a small number of caravan owners in relation to the commission charged in respect of the sale of their caravans at Swanage Bay View Holiday Park. A number of the owners referred their case to Dorset Trading Standards who informed the Council in April 2010 that they did not believe that it would be in the public interest to pursue the matter further. The Council has nevertheless recognised these disputes as potential legal claims and has taken appropriate advice.

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 2011 was £1,167,509. 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.