

SWANAGE TOWN COUNCIL



Financial Review Year Ended 31st March 2016

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1. Introduction & Overview

Since 2011 the Town Council's statutory statement of account has been the Annual Return, a format developed for the town and parish council sector and other 'smaller relevant bodies' (SRB) with annual income or expenditure of less than £6.5m. The Annual Return is published in line with the Accounts and Audit (England) Regulations 2015.

Given its wide-ranging role as one of the largest Town Councils in England, the Council has agreed that it should produce a separate review of the financial year, to provide a more detailed commentary on the Council's finances for the benefit of Councillors and officers, and to provide transparency for local residents. A financial summary will also be included in the Council's Annual Report, delivered to every household.

2. Financial Review

Revenue Account/Service Provision

A summary of the Council's budgeted and actual net expenditure on the Income & Expenditure Account is given below.

	Budget	Actual	Variance
	£	£	+ve/(-ve)
Net Expenditure :-			
Car Parks (incl. Co-op Management A/c)	376,970	418,990	42,020
Boat Park	31,055	(15,267)	(46,322)
Public Conveniences	(137,780)	(133,311)	4,469
Cemeteries	(19,120)	21,324	40,444
Parks and Operations (incl. CCTV)	(295,360)	(189,356)	106,004
Beach Gardens	(26,885)	(19,471)	7,414
Beaches & Foreshore	(44,740)	(20,586)	24,154
Beach Chalets/Bungalows	105,770	70,006	(35,764)
Publicity/Tourism	(105,815)	(83,803)	22,012
Allotments	(180)	1,082	1,262
General Buildings & Grounds	80,265	67,101	(13,164)
Grants & Donations	(13,950)	(16,147)	(2,197)
Central Administration	(294,845)	(283,459)	11,386
Democratic & Corporate Management	(142,160)	(130,579)	11,581
Loan Repayments, Interest Payable & Bank Charges	(6,750)	(5,421)	1,329
Net Investment Income	149,950	181,272	31,322
Net Operating Expenditure	(343,575)	(137,625)	205,950
Transfer to Earmarked Reserves	(273,030)	(323,123)	(50,093)
Financing Capital Expenditure	(55,000)	(30,000)	25,000
Council Tax Support Grant (CTSG)	29,330	29,333	3
Precept	648,060	648,060	0
Net Surplus on the General Fund	5,785	186,645	180,860

During 2015/16 the Town Council generated a net surplus of £539,768 (precept plus CTSG less net operating expenditure). This represents a significant increase on the previous financial year. This surplus has enabled a net contribution of £323,123 to be made to earmarked reserves to ensure that

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funds are available to achieve the improvements to Council assets set out in the long-term Capital Programme. A further £30,000 was used to finance capital expenditure from the General Fund, resulting in a surplus on the General Fund of £186,645 for the year.

The Town Council has three principal income streams: the Council Tax Precept, car parking revenue and investment income. During 2015/16 these together generated income of £1.39 million, 66 per cent of the Council's total revenue income of just over £2.1 million. This compared to £1.34 million in 2014/15.

A total of £648,060 was raised through the parish precept in 2015/16, an increase of 0.7 per cent on 2014/15. Individual household bills were frozen, the increase arising from an enlarged tax base. The Council continued to receive a Council Tax Support Grant from Purbeck District Council, but this was reduced by £10,000 year-on-year and will be phased out by 2017/18.

Car parking income was above budget and shows a net income almost £50,000 higher than in the previous financial year. This was largely the result of a significant increase in usage of Broad Road Car Park, which may in part reflect the increased number of spaces available following the recent Downs stabilisation works. This contributed to the highest income from parking charges in four years, although only time will tell if this represents a reversal of the recent declining trend.

The income from the Council's investments significantly outperformed budget expectations, remaining stable with only a £1,000 reduction year-on-year. This is analysed further below in the Treasury Management section of this review.

The Council's sources of seasonal income saw a relatively poor performance against budget. No income was received from the hire of Boat Park grid spaces this year due to its ongoing closure to facilitate the building of a new Lifeboat House and Angling Club building. This led to a £46,000 negative variance against budget. Negotiations over compensation are ongoing with the RNLI, but the Council has agreed in principle that this will be made in-kind in the form of improvements to the jetties.

At Beach Gardens income from sporting activities was below budget and declined year-on-year. Putting income reached a new low, now being almost 40% down on the £20,000 received in 2009/10. Whilst some of this reduction may be attributed to relatively poor weather in the peak summer season, these figures suggest that improved marketing of this facility is urgently required. It should be noted that lower than anticipated staffing costs ensured that the service made a smaller than anticipated net loss.

The Tourist Information Centre presents a similar financial picture. Income was significantly reduced in 2015/16, most notably due to lower stock sales which were curtailed due to the anticipated relocation of the service to smaller premises over the winter period to allow refurbishment works to take place. Nevertheless, this reduction was more than offset by lower costs, again largely due to a reduced wage bill following an ongoing vacancy subsequent to the resignation of the TIC supervisor in the first quarter.

The one source of seasonal income that saw a significant increase was beach hut rentals. The total income of £93,000 is 21% higher than in the last year of bookings prior to the construction of the new Shore Road beach huts. That sum was almost £36,000 below budget, but this to some extent reflects the difficulty of estimating usage of the new beach huts in their first year of operation.

The costs of maintaining the beach to blue flag standards were again below budget, principally due to reduced expenditure in employee costs for beach cleaning, with seasonal posts not being filled

(£17,000). Expenditure on seaweed removal was also under budget once again. Overall, net expenditure for this department was £24,000 under budget for the year.

In relation to community facilities, expenditure at the cemetery was under budget, due to the continued deferral of planning the cemetery extension and non-purchase of new shuttering. Income from cemetery fees was significantly higher than the previous year, and almost £11,000 over budget. In respect of the allotments, a small positive variance arose from underspends in most budget headings. Spending on public conveniences was also under budget. This was principally due to lower than anticipated expenditure on repairs and maintenance, which offset increased rates and water charges.

Central services costs were also well below budget. Principal savings/underspends were due to lower than budgeted employee costs (£24,000) and Health and Safety consultancy fees (£7,000). This offset expenditure on refurbishment of the Town Hall (£34,000) which was not included in the 2015/16 estimates as at the time of budget setting it had been anticipated to be spent in the previous financial year. All income streams were also higher than anticipated, including from wedding bookings at the Town Hall. Democratic and Corporate Management costs were also below budget by £11,500, the only significant factor being the non-production of the Council's newsletter (£5,000).

The Parks and Operations budget shows a significant positive variance, of £106,004. Income was higher due to the receipt of the F.J. Grace will trust fund (£30,517) which has been allocated to an earmarked reserve. Expenditure was also significantly below budget. This was partly due to the deferral of repairs and maintenance projects, including purchase of replacement play equipment and footpath repairs at Days Park (£17,000) and upgrading of the town's CCTV system (£7,000). Significant underspends also include wages (£9,000) and refuse disposal (£5,000). Increased expenditure on Festive Lights (£7,000) is to be met from the relevant earmarked reserve.

The General Buildings and Grounds heading shows a significant negative variance of just over £13,000. This is partly due to expenditure on repairs to the station building, which, as with the repairs to the Town Hall, had been scheduled for the previous financial year and hence were unbudgeted at the time that the estimates for 2015/16 were approved. This heading also reflects the reduction in the ground rent received for Swanage Bay View Holiday Park, following the conclusion of negotiations over the indemnities contained in the Business Sale Agreement.

The overall picture of lower than anticipated expenditure has led to a greater than anticipated contribution being made to the Council's un-earmarked reserves (General Fund) at year-end of £186,645. This creates an overall General Fund Balance of £806,458 as at 31st March 2016. Whilst this significantly exceeds the risk-assessed minimum requirement for a General Fund Balance of £315,530, it is towards the lower end of the recommendation that councils should carry general revenue reserves of between three and twelve months of gross expenditure, as set out in *The Practitioner's Guide for Town and Parish Councils*. On the basis of budget projections for 2016/17 this would be a sum between £457,000 and £1.83 million.

Capital Programme and Planning

The Town Council adopts an annual capital works programme as part of its budget setting process in January. These works are largely funded from reserves, either those earmarked for a specific project or the Usable Capital Receipts Reserve (UCRR). The Town Council also included £55,000 of capital expenditure to be financed from the general fund in its 2015/16 budget, with £30,000 actually being financed from this source.

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The table below summarises the actual capital expenditure for the 2015/16 financial year and how this was financed.

	Funded from Capital Receipts £	Funded from Earmarked Reserves £	Funded from General Fund £	Total Cost £
Land & Buildings				
Seafront Stabilisation Scheme	74,503	-	-	74,503
Forres Field Changing Rooms	14,767	-	-	14,767
Station Building Windows	-	-	30,000	30,000
Vehicles, Plant & Equipment				
Skate Park Equipment	-	6,330	-	6,330
TOTAL	89,270	6,330	30,000	125,600

The capital programme for 2015/16 initially set out seven capital schemes totalling £310,200, with an additional two schemes (£103,535) being carried over from 2014/15 and one further scheme added in year (£18,990). In total, six of the initial schemes have been deferred, with two being added to the 2016/17 capital programme.

In financial terms, the Downs and Seafront stabilisation scheme continued into the 2015/16 financial year. It was anticipated that this scheme would be concluded by the end of the year, however, snagging items have continued to be addressed. In terms of capital expenditure, £74,503 was attributable to the year. This was an actual cost of £25,760 with a further provision of £48,743 being made, with this sum being the anticipated balancing payment due upon the finalisation of costs once the scheme has been signed off by the contract administrator. Also brought forward from 2014/15 was the replacement of windows at the Station Building at a cost of £30,000.

The Forres Field Changing Rooms project first incurred expenditure in 2014/15 for preliminaries, and this continued in 2015/16, with an additional £14,767 being incurred, against an original estimate of £10,200. The total capital expenditure to date on this project is £15,717. This scheme is budgeted to be completed in 2016/17, although this is dependent upon further funding being received.

The purchase of further pieces of skate park equipment was added to the capital programme. At year end, however, only the 1st instalment (£6,330) payment had been made. The total spend is expected to be £18,990 and is to be funded from donations made by the Y-Axis group. Both the Forres Field changing rooms and the skate park equipment are shown as assets under construction in the asset table on page 10.

Treasury Management

The 2015/16 financial year was relatively quiet in terms of investment activity with the Council entering into few new investments. This was largely as a result of the requirement to maintain liquidity in order to finance the Council's extensive capital programme, but low interest rates have also continued to prevail, with the Council's investment with Lloyds being at a comparatively favourable rate.

The Council has continued to contract Arlingclose as its treasury advisors and has consulted on any new investments taken. The Council has continued to maintain its objective of the security of capital

over yield, within the parameters as set out in the Treasury Management Strategy Statement and Annual Investment Strategy 2015/16 and upon advice given by Arlingclose.

The net return on the Council's investments had been estimated at £149,950, with an actual outturn of £181,272 being realised at year end. The Council has continued to maintain a diversified investment portfolio, given the size of its investments, throughout the course of the 2015/16 financial year, utilising call accounts with Lloyds Bank, Money Market Funds, corporate bonds and certificates of deposit (CD).

In terms of short term investment activity a corporate bond (£1m) held with Volkswagen matured during the year. This was reinvested in a certificate of deposit with Standard Chartered and upon maturity re-invested in a CD with Nationwide.

With regards to long-term investments, the Council continued to maintain the units held in the CCLA LAMIT property fund, with a total of £2.5m invested in the fund at 31st March 2016. The Council has again seen capital growth, albeit not realised, with a net asset value of £3.085m. In terms of income generation this fund has continued to perform well above estimate, realising an annualised yield of 5.88% based upon its book value, or 4.77% against net asset value. Of the £181,272 income derived from investments, £147,072 is attributable to the property fund. The revenue received from this investment has once again cushioned the Council against the lower interest rates that are available on its short term investments. The Places For People Bonds (three in total) were also retained during the year, with an average yield of 2.78%.

The Council's Annual Treasury Report 2015/16, which gives a more in depth review, has been published separately. A summary of investments at 31st March 2016 can be found on page 14.

Earmarked Reserves

The Council's Earmarked Reserves have been established in order to build up funds to meet anticipated future expenditure as identified in the Asset Management Plan and the Council's risk assessment. The Council's Reserves and Balances Policy was reviewed during the course of the year, as part of the process for setting the Council's budgets for the 2016/17 financial year. During this review a new fund was established, the FJ Grace Will Trust Reserve, which holds monies donated by the FJ Grace Will Trust to the Council (a one-off payment), to fund projects in order to provide additional amenities for the townspeople of, and the visitors to, Swanage. The Community Infrastructure Levy (CIL) Reserve was also ratified in year. This reserve holds funds raised by Purbeck District Council from the CIL in order to meet expenditure in accordance with Community Infrastructure Levy Regulations 2010, Regulation 59C.

In 2015/16 a net contribution of £323,123 was made from the general fund to the various earmarked reserves against an original estimate of £273,030. A total of £337,643 was transferred to reserves from the general fund, and £14,520 from reserves to the general fund. The contribution to reserves included £9,495 from Y-Axis, to part-fund the purchase of skate park equipment and £3,600 from the Tennis Club. The movement from reserves funded revenue expenditure; the purchase and installation of lights equipment (part funded from a donation from the lights committee in 2014/15) and play equipment for the recreation ground. During the course of the year, capital expenditure totalling £6,330 was funded from earmarked reserves, being the 1st instalment for payment for new skate park equipment. With an opening balance of £811,480 a net increase in the year of £316,793 has resulted in a balance of £1,128,273 being held at 31st March 2016. These reserves have, on the whole, been set aside to fund the Council's future capital programme.

The Council's Usable Capital Receipts Reserve (UCRR) saw a reduction of £129,270 in the year. This results from the financing of capital expenditure to the sum of £89,270 and the financing of the

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indemnity claim settlement of £50,000 combined with capital receipts of £10,000 being realised in the year. The capital receipt is the principal repayment on a loan to Swanage Sailing Club. The Council carries forward a balance of £3,883,408 in its UCRR into the next financial year.

A summary of the Council's reserves can be found on pages 11 to 13.

3. Accounting Statements

The Annual Return

The statutory statement of account is presented as the Annual Return, which has been published separately. The information contained within this report provides supplementary/supporting information to the Annual Return. The Annual Return consists of four Sections:

Section 1 – 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 2 – 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 3 – External Auditor’s certificate and opinion

This report is issued by the Council’s external auditor, appointed by the former 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 2 of the Annual Return summarises the Council’s transactions for the 2015/16 financial year and its position at 31st March 2016. The statement of account has been prepared following guidance given in Part 3 of *Governance and Accountability for Local Councils: A Practitioners’ Guide 2014 (England)*.

4. Supplementary Information in Support of the Annual Return

The Annual Return - Income & Expenditure				
2014/15			2015/16	
£	£		£	£
	4,550,783	<i>Reserves & Balances brought forward - Box 1</i>		2,651,503
		Income		
	643,580	<i>Precept - Box 2</i>		648,060
39,110		Council Tax Support Grant	29,333	
452,221		Rental, Interest & Investment Income	533,908	
601,015		Charges made for Services	597,480	
280,119		Other Income or Contributions	292,315	
22,400		Capital Receipts/Investments/Capital Grants	15,733	
	<u>1,394,865</u>	<i>Total Other Receipts - Box 3</i>		<u>1,468,769</u>
		Expenditure		
		<i>Salaries and Wages</i>		
(440,968)		Direct Service Costs	(425,278)	
(267,714)		Democratic, Management and Civic Costs	(262,923)	
	<u>(708,682)</u>	<i>Total Staff Costs - Box 4</i>		<u>(688,201)</u>
	0	<i>Loan interest/capital repayments - Box 5</i>		0
		<i>Other Costs</i>		
(685,344)		Direct service costs	(683,792)	
(12,034)		Grant and donations	(16,147)	
(156,708)		Democratic, Management and Civic Costs	(173,187)	
(2,374,957)		Capital Expenditure	(175,600)	
0		Long Term Investments	0	
	<u>(3,229,043)</u>	<i>Total Other Costs - Box 6</i>		<u>(1,048,726)</u>
	<u><u>2,651,503</u></u>	<i>Reserves & Balances carried forward - Box 7</i>		<u><u>3,031,405</u></u>

Bank Reconciliation for year ended 31st March 2016			
	£	£	Note
Bank Accounts			
Current	56,630		
Deposit	383,757		
<i>less</i>			
unpresented cheques	(4,720)		
<i>add</i>			
uncleared payments	1,421		
<i>add</i>			
petty cash	555		
Total Cash and Bank		437,643	
Short Term Investments			
Nationwide CD	1,000,149		
Lloyds Call Account	1,306,700		
MMFs	401,467		
Total Short Term Investments		2,708,316	7
Total Cash and Short Term Investments – Box 8		3,145,959	

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.

2014/15 £		Note	2015/16 £
2,703,654	Box 8 - Total cash and short term investments		3,145,959
217,873	(+)Debtors	1	132,159
(270,024)	(-) Creditors	2	(246,713)
2,651,503	(=) Box 7 - Balances carried forward		3,031,405

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

	Operational Assets				Non-Operational Assets		Total
	Land & Buildings	Vehicles, Plant & Equipment	Infra-structure	Community	Assets Under Construction	Investment Properties	
	£	£	£	£			
Tangible Fixed Assets- Cost or Valuation							
As at 1 April 2015	5,496,199	387,252	17,105	36,589	950	600,000	6,538,095
Additions/Enhancements	104,503	0	0	0	21,097	0	125,600
Reclassifications	0	0	0	0	0	0	0
Donated Assets	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Additions excluded from AR	(101,503)	0	0	0	0	0	(101,503)
As at 31 March 2016	5,499,199	387,252	17,105	36,589	22,047	600,000	6,562,192
Long Term Investments- Cost							
As at 1 April 2015							2,802,530
Additions							0
Redeemed							(15,795)
As at 31 March 2016							2,786,735
Total Fixed Assets and Long Term Assets – Box 9							9,348,927

Additions/Enhancements excluded from the Annual Return

In 2015/16 a total of £125,600 of capital expenditure was incurred in either acquiring new assets or enhancing old assets (pages 3 & 4 refer). However, under the Annual Return accounting guidelines, the value of a fixed asset must not change from year to year until disposal, therefore for the purposes of the annual return £101,503 has been identified as primarily enhancing an already acquired asset and as such must be excluded from the total value of fixed assets and long term assets.

Schemes Under Construction

The total asset value at 31st March 2016 includes £15,717 relating to the changing rooms on Forres Field and £6,330 relating to skate park equipment at King George’s, both classified as an Asset Under Construction.

Long Term Borrowing

2014/15 £	Analysis of Loans - PWLB	2015/16 £
0	Balance brought forward	0
0	Principal paid in year (Box 5)	0
<u>0</u>	Total Outstanding – Box 10	<u>0</u>

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

Notes

1. Debtors

2014/15		2015/16
£	Amounts falling due in one year :-	£
44,331	HMRC-VAT	0
128,185	Sundry Debtors	108,557
(17,490)	Provision for Bad/Doubtful Debtors	(17,490)
59,036	Payments in Advance	37,771
3,811	Stock	3,321
<u>217,873</u>	Total	<u>132,159</u>

2. Creditors

2014/15		2015/16
£		£
9,114	HMRC-VAT/Interest	5,066
0	HMRC PAYE/NI	0
177,865	Sundry Creditors	150,336
83,045	Receipts in Advance	91,311
<u>270,024</u>		<u>246,713</u>

Movement of Reserves				
	Balance 1 April 2015	Net movement in year	Balance 31 March 2016	Note
	£	£	£	
General Fund	619,813	186,645	806,458	3
Earmarked Reserves	811,480	316,793	1,128,273	4
Usable Capital Receipts Reserve	4,012,678	(129,270)	3,883,408	5
Total	<u>5,443,971</u>	<u>374,168</u>	<u>5,818,139</u>	

This table details changes during the year in the Council's reserves. It provides opening and closing balances and details of any movements on the reserve. The total of the reserves held differs from the Annual Return total in Box 7 due to the treatment of the £2.5m investment in the CCLA LAMIT Property Fund and the Places For People Bonds (£286,735) that are held by the Council. Under the Annual Return when any Long Term Investments are entered into they are shown to be expensed through Box 6 thus reducing the total in Box 7. However, under statute this investment is not classified

as capital expenditure and is merely a movement of cash from a short term investment to a long term investment and as such has not been shown as being expensed from a reserve.

3. The General Fund

2014/15		2015/16
£		£
497,754	General Fund Balance brought forward	619,813
453,277	Net Surplus or (Deficit) for Year	539,768
(100,000)	Financing Capital Expenditure	(30,000)
(231,218)	Transfers (to)/from Earmarked Reserves	(323,123)
<u>619,813</u>	General Fund Balance carried forward	<u>806,458</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 £186,645 on the general fund in the year, comprising of a net surplus of £539,768 for the year, the financing of capital expenditure of £30,000 and a net transfer from the general fund to earmarked reserves of £323,123.

4. Earmarked Reserves

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

Earmarked Reserves	Balance 01-Apr-15 £	Contributions to Reserve £	Transfer (from) Reserve £	Balance 31-Mar-16 £
Festive Lights	16,496	0	(7,424)	9,072
Vehicle & Plant Replacement	52,075	10,000	0	62,075
King Georges Play Area & Skate Park	51,500	#18,007	(6,330)	63,177
Play Equipment-General Areas	75,000	0	(7,096)	67,904
Car Park Machines	50,000	0	0	50,000
Tennis Courts Refurbishment	30,487	*4,916	0	35,403
Repairs & Renewals Fund	347,785	247,315	0	595,100
Public Conveniences	105,000	20,000	0	125,000
Forres Field Changing Facilities	6,958	0	0	6,958
De Moulham Back Roads	25,662	2,000	0	27,662
Community Infrastructure Levy	4,517	888	0	5,405
Insurance & Contingency Reserve	40,000	0	0	40,000
FJ Grace Will	0	30,517	0	30,517
IT Equipment	6,000	4,000	0	10,000
Total	811,480	337,643	(20,850)	1,128,273

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

Includes a contribution of £9,495 from Y-Axis

During the year a net contribution of £323,123 was made to earmarked reserves from the General Fund, with £337,643 being appropriated to earmarked reserves from the General Fund and £14,520 being transferred to the General Fund, financing the festive lights and play equipment purchases. A further £6,330 financed capital expenditure, being the 1st instalment of the purchase of skate park equipment at King George's Field.

5. Usable Capital Receipts Reserve (UCRR)

2014/15 £		2015/16 £
5,408,693	Balance brought forward	4,012,678
16,667	Capital receipts	10,000
	Less:	
(1,412,682)	Capital receipts used for financing Assets	(89,270)
0	Payment of Indemnities	(50,000)
<u>4,012,678</u>	Balance carried forward	<u>3,883,408</u>

The UCRR holds the proceeds of the sale of fixed assets and can only be used in accordance with regulations. Swanage Sailing Club repaid the balance outstanding on the loan granted in 2011/12, a total of £10,000. The Council also utilised £40,527 in the course of the year to finance capital expenditure, with a further provision for £48,743 relating to the stabilisation scheme and £50,000 financed the settlement of the indemnity claim relating to the sale of Swanage Bay View Holiday Park which concluded in year. With no asset disposals, this reserve decreased by £129,270 over the course of the year.

6. Trust Funds – Box 11

The Council acts as Corporate Trustee for three Charitable Trusts. The Income & Expenditure for the year to 31st March 2016 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>	785	(5,240)	(4,455)
James Day Trust (Day's Park) <i>Gift of pleasure grounds</i>	116	(530)	(414)
King George's Field <i>Deed of dedication entered into 5th May 1951</i>	0	0	0

Charitable Funds held by Trusts:

	Balance 1 April 2015 £	Net Contributions to/(from) Fund £	Balance 31 March 2016 £
De Moulham Trust	20,628	(4,455)	16,173
James Day Trust	920	(414)	506

7. Investments

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

Counterparty	Principal	Maturity Date	Rate
Nationwide CD	£1,000,149	19/08/2016	0.68%
Standard Life Money Market Fund	£10,000	n/a	v
Federated Money Market Fund	£341,467	n/a	v
CCLA-Public Sector Deposit Fund	£50,000	n/a	v
Lloyds Call Account	£1,306,700	n/a	0.95%
Total Short Term Investments–(incl. in Box 8)	£2,708,316		
CCLA-LAMIT Property Fund	£2,500,000	n/a	v
Corporate Bond - Places For People (3 bonds)	£286,735	27/12/2016	av 2.78%
Total Long Term Investments–(incl. in Box 9)	£2,786,735		
Total Investments held @ 31st March 2016	£5,495,051		

The Council held five short term investments at 31st March 2016 with Lloyds Bank, the CCLA Public Sector Deposit Fund (a qualifying MMF), Standard Life Investments (MMF), Federated Liquidity Fund (MMF) and a Nationwide Certificate of Deposit. The investments held with Lloyds and Nationwide have a guaranteed rate of return and the MMFs have a variable rate of return. The interest rate of the investment held with Lloyds decreased in year from 1.1% to 0.95% and was set to further decrease from 1st April 2016 to 0.7%. All of the short term investments return the capital sum invested plus interest.

The Council continued to maintain its units held in the CCLA LAMIT property fund, valued at £2.5m in the Annual Return. This investment has seen further capital growth during the year, with a market value of £3.085m at 31st March 2016. Three bonds held with Places For People were also maintained with a principal investment of £286,735. These bonds are set to mature in December 2016. Two long term investments were redeemed in year; Swanage Sailing Club made the final payment of £10,000 of the loan granted to them in 2011/12 and following the announcement in 2014/15 that HM Treasury would be redeeming old stocks at par, the Council's Consolidated Stock holdings of £62 were redeemed on 3rd July 2015.

8. Pensions

Swanage Town Council participates in the Local Government Pension Scheme (LGPS), which underwent some fundamental changes for employees & employers effective from 1st April 2014. The LGPS 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'. Pooling gives the Council less volatility of contribution rate than what it may see if it were treated on an individual basis. This fund provides members with benefits based on pay and service.

Following an Actuarial Valuation by the schemes fund actuary, Barnett Waddingham, the employer's contribution was revised. Previously the Council has only contributed a percentage of employees' pensionable pay. However for the three financial years, 2014/15 to 2016/17, the Actuary assessed a Future Service Rate for each employer as a percentage of payroll, plus a deficit recovery rate, as a cash amount, which (as elected by Swanage Town Council) could be paid in a lump sum payment at a discounted amount.

As a result, in 2015/16 the Council paid an employer's contribution of £78,866 representing 16.5% of employees' pensionable pay into the Dorset County Council superannuation fund (£82,344 or 16.5% in 2014/15). In addition to the percentage of employees' pensionable pay, a further £23,266 of the Pension Deficit Contribution was also attributable this financial year (£23,267 in 2014/15).

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 2015/16 these amounted to £2,520 (£2,520 in 2014/15), representing 0.53% of pensionable pay.

9. Grants & Donations

The following grants and donations were issued in 2015/16.

	£
<i>Section 19- Misc. Provisions Act (Sports & Recreation)</i>	
S.Town & Herston Football Club (Vodafone)	3,950
<i>Section 137 LGA 1972 (Miscellaneous Grants & Donations)</i>	
Dorset Blind Association	300
Swanage Walking For Health	100
Dorset County Council - Coastal Change Forum	200
DCC - School Crossing Patrol	2,547
Swanage Area Dementia Friendly	700
Swanage Pier Trust	5,000
<i>Section 142 (2a) LGA 1972 (Advice to Individuals)</i>	
Citizen's Advice Bureau	250
<i>Section 145 (1) LGA 1972 (Festivals & Entertainment)</i>	
Blues Roots-Donation-Blues Festival	600
Purbeck Arts Week	1,000
Swanage Chamber of Trade – Fish Festival	400
Swanage Regatta & Carnival Committee	500
Purbeck Film Festival	600
Total	16,147

10. Audit Fees

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

2014/15		2015/16
£		£
2,800	Fees payable to the Audit Commission with regard to external audit services carried out by the appointed auditor	2,400
0	Adjustment on previous years audit fees	0
<u>2,800</u>		<u>2,400</u>

11. Items for Consideration

Any events after the year end, 31st March 2016, have been considered up to the date of the Annual Return, 25th May 2016. There are no items to report which may have an affect upon the Annual Return.