

**To consider the independence of the internal auditor and to confirm there is no conflict of interest with the external auditor.**

In October 2023 the Council reappointed Darkin-Miller Limited t/a Darkin Miller – Chartered Accountants to provide internal audit services for a 3 year plus one plus one period.

A requirement of the external audit is affirmation of the independence of the internal auditor. Although this is not a statutory requirement it is noted as good practice, as per Sections 4.9 - 4.11: Independence within the SAPP *Practitioners' Guide*. The review of the independence of the internal auditor should be considered on an annual basis with regard to personal, financial and professional independence.

As part of the Intermediate Level review, the external auditor, BDO LLP, also requires confirmation each year that there are no conflicts of interest with the aforementioned auditor and the authority must complete and submit the attached form.

**Decision required:**

- To confirm the independence of the Internal auditor.
- To confirm that there are no conflicts of interest with the external auditor, BDO LLP.

CONFLICT OF INTEREST WITH BDO LLP

To be completed annually and minuted at a meeting of the smaller authority.

Name of Smaller Authority	
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I confirm that there are no conflicts of interest with BDO LLP.

I confirm the following conflicts of interest (please detail below):

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This was confirmed and minuted at the following meeting:

Date of Meeting	Minute Reference

Signed (Clerk/RFO)

Print Name

Signed (Chair)

Print Name



FINAL - FOCUSSED

Internal audit report 2025/26

Visits 5&6 of 6

# SWANAGE TOWN COUNCIL

Date: 15<sup>th</sup> May 2026

Report author: R Darkin-Miller  
Email: [r.darkin@darkinmiller.co.uk](mailto:r.darkin@darkinmiller.co.uk)

## **Introduction**

This report contains a note of the audit recommendations made to Swanage Town Council following the carrying out of internal audit testing completed on site on the 23<sup>rd</sup> and 25<sup>th</sup> February 2026 and 11<sup>th</sup> May 2026 with later remote working.

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**

The internal audit for 2025/26 has now been completed in accordance with the provisions of the Practitioners' Guide and the CIPFA code of internal audit practice.

Based on the sample testing carried out at this final audit visit and during the year, all of the Council's current financial controls appear to be operating effectively.

## **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	1
Medium	6
Low	1
Info	1
TOTAL	9

The number of recommendations made in total during this audit year is as follows:

Rating	Number				
	1	2&3	4	5&6	TOTAL
High	2	0	0	1	3
Medium	8	1	0	6	15
Low	0	1	0	1	2
Information	0	0	0	1	1
TOTAL	10	2	0	9	21

As per Council's request in 2022/23, the focused report is provided to Councillors for their information, containing only the high and medium level recommendations.

A more detailed report (containing all recommendations along with explanations of work done and findings) is provided to Management in order to ensure that all findings are notified to the Council, and to allow actions to be followed-up.

I would like to thank Martin Ayres, Town Clerk; and Alison Spencer, Finance Manager for their assistance during this audit.

**Darkin Miller ~ Chartered Accountants**  
**2025/26 INTERNAL AUDIT OF SWANAGE TOWN COUNCIL**  
**FINAL FOCUSSED REPORT VISITS 5&6 OF 6: 15<sup>th</sup> MAY 2026**

**Appendix 1 – Recommendations and Action Plan**

Recommendation number	Detail	Priority (Low/ Medium/ High)	Management Response	Responsible Officer	Due Date
3.2 – Ensure minutes file is complete and consider minutes tracker	<p>I reviewed the minutes to confirm that there had not been any unusual financial activity. I found no such activity but did note a number of issues.</p> <p>I recommend that:</p> <ol style="list-style-type: none"> <li>1. The hard copy minutes file is reviewed to ensure that all Council and committee minutes are included, with all subcommittee minutes filed in the separate folder.</li> <li>2. The duplicate minutes are removed from the hard copy minutes file.</li> <li>3. The Council puts in place a minute tracker which notes for each meeting the date and body meeting, the location and page numbers of the relevant minutes, and includes tick boxes to confirm when the minutes have been approved, signed and published online. This will help to ensure that there is a complete record of approved Council business and decisions.</li> </ol>	M	<p>Agree to update minute folders with immediate effect.</p> <p>Agree to compilation of minute tracker for 2026/27 onwards.</p>	TH1 , TH2 & TH7	May 2026
5.3 – Ensure action taken to collect excess	I noted that the sample (relating to an excess charge ticket) had not been collected in spite of a reminder letter being sent to the	M	Agreed	TH1/TH3/TH8	September 2026

<p>charge ticket income before legal deadline expires</p>	<p>registered address and had been written off as the deadline for issuing legal proceedings had passed.</p> <p>I recommend that the Council takes prompt action to follow up excess charge tickets in order to ensure that legal proceedings can be issued within the deadline, so that all income can be collected and drivers encouraged to pay for parking tickets in order to avoid the issue of an enforcement notice and fine.</p>				
<p>12.1 – Publish remaining Transparency Code disclosures</p>	<p>I found that there were gaps regarding the information on car parking and waste disposal. The Finance Manager confirmed that the compilation of car parking information was ongoing, and that the waste note has yet to be published.</p> <p>I recommend that the remaining requirements of the Transparency Code are published as soon as possible in order to ensure that the Council complies with best practice.</p>	<p>M</p>	<p>The Transparency Code stipulates mandatory publication data, without distinguishing between principal authorities and parish and town councils. The Town Council does not operate on-street parking and is not the statutory waste authority.</p> <p>The Town Council will add a list of the number of off-street parking spaces in each of its car parks and update the summary information available relating to its grounds maintenance waste contract.</p>	<p>TH1/TH3/OPS1</p>	<p>June 2026</p>

15.1 – Ensure Data Protection Policy review annually	<p>The Clerk confirmed that the policy was not reviewed in 25/26 but that a review will be carried out in 26/27.</p> <p>I recommend that the review is scheduled to be completed annually and then carried out as planned in 26/27.</p>	M	Agreed	TH1/TH7	January 2027
16.1 – Ensure approved Trust minutes are signed	<p>I noted that whilst minutes have been kept of the meetings of the De Moulham Trust and Gift of Public Pleasure Grounds Trust, the minutes have not yet been signed.</p> <p>I recommend that the approved minutes are signed in order to evidence that they are the accurate record of the business and decisions of the Trusts.</p>	H	Agreed. To be implemented with immediate effect.	TH1/TH2	May 2026
24.1 – Complete the lease report and compare to the fixed asset register to ensure there are no gaps	<p>The Town Clerk confirmed that the information is drawn from the Transparency Code fixed asset report rather than the fixed asset register, and noted that other columns are required to fulfil the recommendation made in the 22/23 audit in its entirety.</p> <p>I recommend that the remaining columns are completed (rent commencement date, term, end date and value of annual rent) and that the spreadsheet is compared to the fixed asset register to ensure that all relevant properties have been included.</p>	M	Agreed	TH1/TH3/OPS7	July 2026

24.3 – Update debtors schedule	<p>I found a number of small errors and gaps on the schedule of debtors relating to leases.</p> <p>I recommend that the schedule is updated as soon as possible in order to reduce the risk of fraud and error in future invoicing of lease amounts, and the Council should consider whether the information contained in the schedule of debtors and lease report can be merged in order that all lease and rental information is contained within one database.</p>	M	<p>Agreed. The Schedule will be updated.</p> <p>A merger will be reviewed during the summer.</p>	TH3/TH4	June 2026
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**Item 4 b)**

FINAL

## Annual Internal Audit Report 2025/26

# SWANAGE TOWN COUNCIL

Date: 15<sup>th</sup> May 2026

Report author: R Darkin-Miller  
Email: [r.darkin@darkinmiller.co.uk](mailto:r.darkin@darkinmiller.co.uk)

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## **1 Introduction**

- 1.1 Internal audit provides Members and management with assurance that the internal controls required for the proper stewardship of public funds are being adequately maintained. This is a statutory function provided in accordance with Accounts and Audit Regulations. The level of assurance is in accordance with the agreed audit plan (Appendix A), which is designed to ensure that all of the Council's significant finance and governance systems are subject to audit on an annual basis, with less material or inherently risky systems audited periodically in accordance with a strategic audit plan, and with the depth of the audits determined by an assessment of risk and materiality.
- 1.2 The main purpose of this report is to provide an opinion on the assurance that can be placed on the internal control system.

## **2 Audit Objectives and the Internal Control System**

- 2.1 Internal Audit's principal objective is to provide an independent appraisal function for the review of the internal control system as a service to the authority. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
- 2.2 The internal control system is not fixed but can and should evolve in response to the changing local government environment. It must, therefore, be subject to continual review and it will always be possible to improve on the overall system. The review of the internal control system is encompassed by all of the audit activities listed below.
- 2.3 The main objectives of the internal control system are to:
  - Ensure adherence to management policies and directives, in order to achieve organisational objectives.
  - Safeguard assets.
  - Secure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of the records.
  - Ensure compliance with statutory requirements.

## **3 Audit Opinion**

Based on the internal audit reviews completed in respect of 2025/26, in accordance with the annual audit plan, Swanage Town Council's central systems and internal control arrangements appear to be effective.

## **4 Summary of Activity**

- 4.1 A total of four audit reports covering six visits have been issued in 2025/26 relating to the standard internal audit programme for local Councils (appendix 9 audits per the 2014 Practitioner's Guide, plus additional tests introduced by later AGARs), as supplemented by additional testing specific to Swanage Town Council. No additional audits were carried out in the year. The audits carried out in 2025/26 covered a variety of services and functions, resulting in a range of recommendations, which in the main related to improvements in record keeping and financial procedures. During the course of the audit, each recommendation was discussed with the relevant staff, the Finance Manager and the Town Clerk.
- 4.2 In addition to the planned audit work set out above, advice was also provided on an ad-hoc basis ranging from systems issues to potential irregularities, and Trust funds were independently examined where required.

## **5 Format of Audit Reports**

- 5.1 Three standard formats are used for reports.
- 5.2 The in-year appendix 9 audit reports identify which systems were reviewed during the audit visits and (in a separate action plan) note the findings, implications and recommendations made in relation to areas of identified control weaknesses. Management responses, responsible officers and due dates are also captured within the action plan. In accordance with Council's request in 2022/23, Councillors receive a focussed report which includes only the high and medium level recommendations, and for which additional detail (relevant to officers but extraneous for Members) has been removed.
- 5.3 The end-of-year appendix 9 audit report summarises the audit opinion for the year, in addition to noting the high and medium level findings, implications and recommendations from the focussed reports issued during the year.
- 5.4 The third audit report format is for non-appendix 9 audits. This report notes the risks being tested by the audit, the audit opinion (where the range of assurance given is full/reasonable/partial/none) and the findings from each of the tests carried out. Recommendations made during the audit are shown within the report and are summarised in an action table at the end of the report. No such reports were issued in 2025/26, but the Council has commissioned two additional pieces of work in relation to the transfer of assets and delegated decision making which will be carried out after the year-end audit is completed.
- 5.5 Each audit report uses the following grading system for the significance of recommendations made:

<b>Rating</b>	<b>Significance</b>
High	Either a critical business risk is or may not be 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.

5.6 In addition, each audit continues to be supported by detailed working papers for each of the audit tests undertaken.

## 6 Audit Recommendations

6.1 A summary of the number and significance of appendix 9 audit recommendations, is shown below:

<b>Rating</b>	<b>Number</b>				
	<b>1</b>	<b>2&amp;3</b>	<b>4</b>	<b>5&amp;6</b>	<b>TOTAL</b>
High	2	0	0	1	3
Medium	8	1	0	6	15
Low	0	1	0	1	2
Information	0	0	0	1	1
<b>TOTAL</b>	<b>10</b>	<b>2</b>	<b>0</b>	<b>9</b>	<b>21</b>

6.2 In total 21 ‘appendix 9’ recommendations were made in 2025/26 (2024/25: 14 ‘appendix 9’ recommendations). 3 were graded ‘high’, and 15 ‘medium’ (24/25: 4H and 3M for appendix 9).

6.3 The high and medium level recommendations (and related management responses) are noted at the end of this report for information.

## 7 Follow-up

7.1 The role of the Finance and Governance Committee continues to be effective in supporting the implementation of audit recommendations and follow-up issues. In February 2026, officers reported back to the Committee on progress with the implementation of agreed audit recommendations. In addition, a responsible officer continues to be identified for each recommendation. As a result performance on implementing recommendations is very good.

## 8 Conclusions

- 8.1 The number of appendix 9 recommendations made has increased year on year. This was due to the periodic testing of Boat Park income and Lease income and the addition of testing on Assertion 10 to the Annual Internal Audit Report. Overall recommendations remain very low for a Council of this size, mainly as a result of the prompt implementation of agreed audit recommendations which improved the control environment.
- 8.2 As agreed with the Town Clerk and Finance Manager, the audit plan for 2025/26 comprised the core audit work necessary to sign off the Annual Internal Audit Report, plus additional focus on high value income streams, or income streams with a large number of recommendations in the previous year or where a change in risk profile indicated a review was appropriate. The number of days spent carrying out the core appendix 9 audit was 11.25 days (2024/25: 10.75).
- 8.3 0 additional days of audit work were carried out in relation to ad-hoc reviews, leaving the total number of audit days at 11.25 (2024/25: 0 additional days, total 10.75).
- 8.4 Whilst the Internal Audit function is unable to give absolute assurance, the results of the reviews completed during the year have resulted in an overall opinion that: in all material respects:
- Key central systems and internal control arrangements continue to be effective;
  - Agreed policies, regulations and Standing Orders are complied with;
  - Managers are aware of the importance of maintaining internal controls and accept recommendations made by Internal Audit to improve internal controls; and
  - Adequate arrangements are in place to prevent and detect fraud.
- 8.5 The annual audit did not identify any significant control weaknesses for inclusion in the Annual Governance Statement.

I would like to thank the staff at the Town Council for their high level of co-operation during my internal audit work throughout the year.

Rosie Darkin-Miller LLB (Hons) BFP FCA  
Principal  
Darkin Miller ~ Chartered Accountants

**Darkin Miller ~ Chartered Accountants**  
**2025/26 INTERNAL AUDIT OF SWANAGE TOWN COUNCIL**  
**ANNUAL AUDIT REPORT: SUMMARY OF FOCUSSED HIGH AND MEDIUM LEVEL RECOMMENDATIONS**

**Appendix 1 – Recommendations and Action Plan**

Recommendation number	Detail	Priority (Low/Medium/High)	Management Response	Responsible Officer	Due Date
18.1 – Ensure row B is relined as soon as possible  [Visit 1]	I found that the blue line grid marks and the grid numbers in row B have faded to the point that it is not possible to clearly identify the edges of some of the bays.  I recommend that the Council confirms whether or not the grid sizes in row B will be changed and that the relining of the grids on an existing or revised bay basis takes place as soon as possible.	H	This will be considered at the next Finance & Governance Committee on 12 <sup>th</sup> November 2025. Thereafter the relining (which will likely require the removal of some of the boats) will be undertaken during the early spring, when the boat park is at its quietist.	TIC1	March 2026
18.2 – Ensure boat park map is updated to reflect current number of bays  [Visit 1]	I found that the most recent map of the boat park includes only 10 spaces in row A. In fact, after the grid lines were re-angled, there are 11 spaces in this row.  I recommend that the boat park map is updated once row B has been re-lined in order to ensure that it contains the correct number of spaces per row.	M	This will be undertaken once the B rows are relined during spring 2026.	TIC1	March 2026
18.3 – Amend permit grid reference and double check permits prior to issue	I found that a boat with a permit sticker with the allocation of grid G13 was parked in the G12 bay. There was a trailer with a G13 sticker parked in the G13 grid I discussed this with the Boat Park Attendant who noted that both boat and trailer were parked in the correct grid, but	M	The permits will be updated as soon as possible and the process for issuing permits will be reviewed to ensure the correct permits are issued each time.	TIC1	November 2025

[Visit 1]	<p>that the boat's permit sticker should have said G12 not G13.</p> <p>I recommend that the permit sticker is updated with the correct grid reference, and that the grid references are double-checked prior to issue to ensure that there is no duplication.</p>				
<p>18.4 – Consider how to deal with temporary or permanent in-season changes to vessels</p> <p>[Visit 1]</p>	<p>The Boat Park Attendant noted that on occasion a boat park user will have to remove their boat (e.g. for repairs) but may then utilise the space for which they have paid by e.g. keeping a jet-ski at the boat park until the boat returns. As only one set of permit stickers is issued for each grid (for the boat and related trailer), the temporary replacement item will be unstickered, which can lead to queries during a check on permits and which could give rise to fraud or error in the event that large numbers of grids were occupied by other vessels on a temporary basis. The issue of one set of stickers can also cause problems in the event of a boat park user selling one vessel and purchasing another during the season.</p> <p>I recommend that the Council considers how to deal with the temporary storage of replacement vessels on site in the absence of the boat for which the permit has been purchased, and that the Boat Park Attendant formally notifies the Visitor Services manager of any temporary changes.</p>	M	<p>This will be considered at the Finance &amp; Governance Committee on 12<sup>th</sup> November 2025.</p> <p>If any changes to policy are to be enacted, this will need to take place from May 2026.</p>	TIC1	November 2025

<p>18.5 – Consider Ts and Cs amendment re levying disposal charge for valueless vessels and consider how to deal with vessels salvaged by the RNLI</p> <p>[Visit 1]</p>	<p>I found that there was one small dinghy stored in grid F10 which had no sticker. The Boat Park Attendant noted that this had been pulled out of the sea by the RNLI and placed on the slipway. Under the Council's current Terms and Conditions, any such assets (including vessels for which permits have expired) may be seized and sold to cover the costs of disposal.</p> <p>I recommend that the Council considers amending its Terms and Conditions to allow it to make a charge to the owner of any assets seized for payment, where the value of the asset is less than the disposal cost plus the amount owed. I further recommend that the Council considers how best to deal with worthless vessels recovered by the RNLI and placed on the slipway.</p>	<p>H</p>	<p>This will be considered at the Finance &amp; Governance Committee on 12th November 2025.</p> <p>If any changes to policy are to be enacted, this will need to take place form May 2026.</p>	<p>TIC1</p>	<p>November 2025</p>
<p>18.6 – Update stickers and consider whether sticker needed for each item stored</p> <p>[Visit 1]</p>	<p>I found that stickers were in place for all occupied grids, but noted that two jet-skis were parked in one grid with only one sticker on; another grid contained a small boat, dinghy and a number of kayaks; that the grid number had worn off one of the stickers in one of the rows (the row letter was still noted); and no grid number was noted on one of the stickers in row A.</p> <p>I recommend that the stickers for the items in grid numbers B10 and A8 are</p>	<p>M</p>	<p>This year, the Council purchased a new batch of numbered sticker permits as the previous supply had been exhausted after many years. The new batch of stickers have not fared well with the sunlight this year and in some cases the text written on the permit has faded to become illegible, although the permit number remains very clear</p>	<p>TIC1</p>	<p>November 2025</p>

	corrected/completed, and that the Council considers whether a sticker is required for each item stored in a grid and whether there is a limit as to how many vessels can be stored in a grid.		and can be traced back to the original spreadsheet. We will need to consider purchasing more effective permits for next year. This can be considered at the next Tourism and Local Economy Committee.  It is also clear that a number of additional ancillary craft, such as kayaks etc are now being stored in many bays. Again a question for the committee is whether the customer is hiring a bay for a single boat or a bay to store items.		
18.7 – Consider change to signage approaching Boat Park  [Visit 1]	I noted that one of the 2 large signs en route to the Boat Park was obscured by a parked car. The Boat Park Attendant noted that the first sign is often obscured by vehicles during the height of the summer, which frequently leads to holidaymakers driving into the Boat Park in the belief that it provides additional car parking, only to be unable to exit promptly due to queues while boats are launched from the slipway.  I recommend that the Council considers whether	M	This will be reviewed during winter 2025.	TIC1	March 2026

	it may be more appropriate to put up 'no entry except for access' signs at the top of the road leading to the Boat Park.				
18.8 – Consider right of way on exit from Boat Park  [Visit 1]	At present, Boat Park users (who may be towing large and heavy loads) are required to stop and give way to those driving along the access road above the Boat Park (which leads to cottages). It may be worth considering awarding the right of way to those exiting the Boat Park (whilst driving at a dead slow speed) as they have less manoeuvrability and more limited visibility.  I recommend that the Council considers whether or not to amend the right of way on exit from the Boat Park.	M	This will be reviewed during winter 2025.	TIC1	March 2026
18.9 – Make note on database where less than full price charged for annual permit  [Visit 1]	I noted that one of the permits was described as annual and that the related entry on the database noted that it was an annual permit, but that the price paid was for a summer ticket only. The Visitor Services Manager confirmed that this was the only summer permit but had been incorrectly recorded as annual. He further confirmed that the ticket and database had since been amended to note the correct end date.  I recommend that where the price charged for a permit is less than the full price charged for an annual permit for that grid row, a note is made	M	This has now been updated on the spreadsheet.	TIC1	Complete

	on the spreadsheet to explain the reason for the reduced charge.				
18.10 – Update schedule of fees and charges to reflect resident discount prices  [Visit 1]	<p>I found that 14/15 samples had the correct price charged, but that one sample (relating to a residents' boat launch over 6m) was charged at £30. According to the schedule of fees and charges agreed at the January 2025 Council estimates meeting, the discounted residents' launch fee is £20. The Visitor Services Manager noted that the incorrect figure had been included in the schedule approved by Council, as the intention is that the residents' permit gives a £5 discount on the standard price which, for this type of launch, was £35.</p> <p>I recommend that the schedule of fees and charges is updated and the amendment approved by members in order to ensure that the correct prices are being charged.</p>	M	This will be considered at the Finance & Governance Committee on 12th November 2025.	TIC1	November 2025
5.2 – Carry out planned review of income postings for TIC, Town Hall and Boat Park, with identified errors to be corrected as part of the	<p>I found that there was a miscoding error in the posting of the September Beach Gardens income which resulted in differences across most of the affected codes for that period. The Finance Manager has confirmed that the postings for the TIC, Town Hall and Boat Park will be reviewed in order to either confirm that the figures are correct or in order to make appropriate corrections, with the VAT adjustments being declared as part of the December quarter end return.</p>	M	<p>All posted income has been reviewed and no additional errors have been identified.</p> <p>An adjustment on the Dec Qtr VAT return will be made and any journals on nominal codes that are required will be posted.</p>	TH3 & TH4	December

December VAT return [Visit 2&3]	I recommend that this is done as planned in order to ensure that income and related VAT are properly recorded.				
3.2 – Ensure minutes file is complete and consider minutes tracker [Visit 5&6]	<p>I reviewed the minutes to confirm that there had not been any unusual financial activity. I found no such activity but did note a number of issues.</p> <p>I recommend that:</p> <ol style="list-style-type: none"> <li>1. The hard copy minutes file is reviewed to ensure that all Council and committee minutes are included, with all subcommittee minutes filed in the separate folder.</li> <li>2. The duplicate minutes are removed from the hard copy minutes file.</li> <li>3. The Council puts in place a minute tracker which notes for each meeting the date and body meeting, the location and page numbers of the relevant minutes, and includes tick boxes to confirm when the minutes have been approved, signed and published online.</li> </ol> <p>This will help to ensure that there is a complete record of approved Council business and decisions.</p>	M	<p>Agree to update minute folders with immediate effect.</p> <p>Agree to compilation of minute tracker for 2026/27 onwards.</p>	TH1 , TH2 & TH7	May 2026
5.3 – Ensure action taken to collect excess charge ticket income before	I noted that the sample (relating to an excess charge ticket) had not been collected in spite of a reminder letter being sent to the registered address and had been written off as the deadline for issuing legal proceedings had	M	Agreed	TH1/TH3/T H8	September 2026

<p>legal deadline expires</p> <p>[Visit 5&amp;6]</p>	<p>passed.</p> <p>I recommend that the Council takes prompt action to follow up excess charge tickets in order to ensure that legal proceedings can be issued within the deadline, so that all income can be collected and drivers encouraged to pay for parking tickets in order to avoid the issue of an enforcement notice and fine.</p>				
<p>12.1 – Publish remaining Transparency Code disclosures</p>	<p>I found that there were gaps regarding the information on car parking and waste disposal. The Finance Manager confirmed that the compilation of car parking information was ongoing, and that the waste note has yet to be published.</p> <p>I recommend that the remaining requirements of the Transparency Code are published as soon as possible in order to ensure that the Council complies with best practice.</p>	<p>M</p>	<p>The Transparency Code stipulates mandatory publication data, without distinguishing between principal authorities and parish and town councils. The Town Council does not operate on-street parking and is not the statutory waste authority.</p> <p>The Town Council will add a list of the number of off-street parking spaces in each of its car parks and update the summary information available relating to its grounds maintenance waste contract.</p>	<p>TH1/TH3/O PS1</p>	<p>June 2026</p>

15.1 – Ensure Data Protection Policy review annually	<p>The Clerk confirmed that the policy was not reviewed in 25/26 but that a review will be carried out in 26/27.</p> <p>I recommend that the review is scheduled to be completed annually and then carried out as planned in 26/27.</p>	M	Agreed	TH1/TH7	January 2027
16.1 – Ensure approved Trust minutes are signed	<p>I noted that whilst minutes have been kept of the meetings of the De Moulham Trust and Gift of Public Pleasure Grounds Trust, the minutes have not yet been signed.</p> <p>I recommend that the approved minutes are signed in order to evidence that they are the accurate record of the business and decisions of the Trusts.</p>	H	Agreed. To be implemented with immediate effect.	TH1/TH2	May 2026
24.1 – Complete the lease report and compare to the fixed asset register to ensure there are no gaps	<p>The Town Clerk confirmed that the information is drawn from the Transparency Code fixed asset report rather than the fixed asset register, and noted that other columns are required to fulfil the recommendation made in the 22/23 audit in its entirety.</p> <p>I recommend that the remaining columns are completed (rent commencement date, term, end date and value of annual rent) and that the spreadsheet is compared to the fixed asset register to ensure that all relevant properties have been included.</p>	M	Agreed	TH1/TH3/O PS7	July 2026

24.3 – Update debtors schedule	<p>I found a number of small errors and gaps on the schedule of debtors relating to leases.</p> <p>I recommend that the schedule is updated as soon as possible in order to reduce the risk of fraud and error in future invoicing of lease amounts, and the Council should consider whether the information contained in the schedule of debtors and lease report can be merged in order that all lease and rental information is contained within one database.</p>	M	<p>Agreed. The Schedule will be updated.</p> <p>A merger will be reviewed during the summer.</p>	TH3/TH4	June 2026
--------------------------------	---	---	--	---------	-----------

	Days		
	2024/25	2025/26	2025/26
	Actual	Planned	Actual
	Hours	Hours	Hours
<b>Core audit testing:</b>			
Bookkeeping	0.05	0.10	0.02
Expenditure	6.39	6.00	3.14
Risk Management	6.44	6.30	7.32
Budgetary Control	0.14	0.30	0.14
Income	5.53	8.00	11.13
Petty cash and imprests	5.45	5.00	2.10
Payroll	5.45	7.00	6.42
Fixed Assets	0.33	0.30	0.30
Bank reconciliation	0.43	1.00	0.32
Year-end procedures	3.44	5.00	3.21
Exemption, transparency, public rights	0.32	1.00	1.11
Assertion 10: Digital and Data	0.00	0.00	0.42
Trusts	1.00	1.00	1.51
<i>Section Total</i>	<b>37.46</b>	<b>41.40</b>	<b>39.14</b>
<b>Other audit areas:</b>			
Boat Park	0.00	9.00	10.24
Car Parks	8.40	9.00	9.56
Lease Income	0.00	10.00	10.27
Cemeteries	8.20	0.00	0.00
TIC Rent Income	11.26	0.00	0.00
<i>Section Total</i>	<b>28.26</b>	<b>28.00</b>	<b>30.47</b>
<b>Management/planning/reporting</b>	<b>9.00</b>	<b>10.00</b>	<b>9.09</b>
<b>TOTAL HOURS</b>	<b>75.12</b>	<b>79.40</b>	<b>79.10</b>
<b>TOTAL 7 HOUR DAYS</b>	<b>10.75</b>	<b>11.22</b>	<b>11.18</b>

# Annual Internal Audit Report 2025/26

SWANAGE TOWN COUNCIL

ENTER PUBLICLY [www.swanage.gov.uk](http://www.swanage.gov.uk) WEBSITE ADDRESS

During the financial year ended 31 March 2026, this authority's internal auditor acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with the relevant procedures and controls in operation and obtained appropriate evidence from the authority.

The internal audit for 2025/26 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Cash payments were properly supported by receipts, all cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic bank account reconciliations were properly carried out during the year.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. If the authority certified itself as exempt from a limited assurance review in 2024/25, it met the exemption criteria and correctly declared itself exempt. (If the authority had a limited assurance review of its 2024/25 AGAR tick "not covered")			✓
L. The authority published the required information on a website/webpage up to date at the time of the internal audit in accordance with the relevant legislation.	✓		
M. In the year covered by this AGAR, the authority correctly provided for a period for the exercise of public rights as required by the Accounts and Audit Regulations (during the 2025/26 AGAR period, were public rights in relation to the 2024-25 AGAR evidenced by a notice on the website and/or authority approved minutes confirming the dates set).	✓		
N. The authority has complied with the publication requirements for 2024/25 AGAR (see AGAR Page 1 Guidance Notes).	✓		
O. The authority has complied with laws, regulations & proper practices relating to digital and data compliance.	✓		
P. (For local councils only) Trust funds (including charitable) – The council met its responsibilities as a trustee.	Yes ✓	No 	Not applicable 

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken **PLS SEE ATTACHED SHEET**

Name of person who carried out the internal audit

DD/MM/YYYY

DD/MM/YYYY

DD/MM/YYYY

**Mrs R Darkin-Miller LLB(Hons) BFP FCA**

Signature of person who carried out the internal audit

[REDACTED]

REQUIRED

Date

**12/05/2026**

\*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

\*\*Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned; or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).

**Dates internal audit undertaken:**

29/09/2025	30/09/2025	11/11/2025	13/11/2025	24/11/2025	25/11/2025
08/12/2025	11/12/2025	23/02/2026	25/02/2026	11/05/2026	12/05/2026



R Darkin-Miller LLB (Hons) BFP FCA 12/05/26

## **To Review the System of Internal Control**

### **Introduction**

Under section 6 of the Accounts and Audit Regulations 2015 the Town Council has an obligation to conduct a review of its System of Internal Control at least once a year. The findings of the review must be considered by the Council as a whole prior to the adoption of the Annual Governance Statement, which forms part of the Annual Governance and Accountability Return Form 3.

### **Report on the Findings of the Review of the System of Internal Control**

The System of Internal Control (SIC) is a core part of the Council's governance framework and consists of a set of checks and balances designed to ensure that proper arrangements are made to safeguard the public money and resources in its charge. The SIC is designed to manage risk to a reasonable level, and to prevent and detect fraud and corruption. It is acknowledged that it cannot eliminate all financial and operational risks and can only provide reasonable and not absolute assurance of effectiveness.

Important elements of the Council's SIC include:

- adherence to financial regulations and standing orders;
- adoption of appropriate corporate and financial plans;
- action on reports from both internal and external auditors;
- arrangements for risk management, including maintenance of a Corporate Risk Register;
- compliance with administrative procedures including the segregation of duties so far as is possible in a small organisation;
- scrutiny of management accounts, annual estimates, budget forecasting and variance reports by Members.

The Town Council has adopted a Corporate Plan for the period 2026-30, which sets out five corporate priorities, together with key actions to be taken during that timeframe. The Council has also adopted a committee structure to ensure that its committee terms of reference are aligned to its corporate priorities. These priorities include a commitment to delivering good governance, the oversight of which is carried out by the Finance and Governance Committee (F&GC). This committee plays a vital role in overseeing the Council's spending and investments, reviewing Council policies, prioritising actions and monitoring the delivery of projects. During 2025/26 it received quarterly budget monitoring reports on 23<sup>rd</sup> July 2025, 12<sup>th</sup> November 2025, and 25<sup>th</sup> February 2026.

In March 2024 the Town Council adopted a Medium Term Financial Plan for the years 2024/25 to 2026/27. The primary aim of this document is to ensure that the Council can both

deliver on the priorities set out in the Corporate Plan and maintain adequate levels of reserves that will provide the Council with financial resilience so that it can continue to address the community's priorities in the years ahead.

The following policy documents were reviewed during 2025/26 to strengthen the system of internal control, and revised versions were adopted at the meetings indicated below:

- Reserves and Balances Policy (Council Meeting – 12<sup>th</sup> January 2026)
- Treasury Management and Investment Strategy Statement (Council Meeting – 12<sup>th</sup> January 2026)
- IT Policy (Council Meeting – 12<sup>th</sup> January 2026)
- Corporate Risk Register (Council Meeting – 23<sup>rd</sup> March 2026).

During the financial year, the Trusts of which the Town Council is the Corporate Trustee have continued to progress a review of their governance arrangements, procuring specialist legal advice. This may result in a merger of the Mowlem Land Trust (De Moulham Trust) and the Gift of Public Pleasure Grounds Trust. This work is due to conclude in the 2026/27 financial year.

In effect the Council keeps the system of internal control under constant review, addressing matters raised by the internal and external auditors at the earliest opportunity. The external auditor's (BDO LLP) report did not identify any significant matters for consideration by the Town Council and this was reported to the Council Meeting held on 15<sup>th</sup> September 2025. The only matter highlighted in the Audit Opinion was that the Town Council should not have indicated 'yes' to section 1, Assertion 4 of the Annual Governance 6 Statement regarding electors' rights. This was because the Council had been unable to upload the interim external auditor's report and certificate for 2023/24 by 30<sup>th</sup> September 2024 due to a website outage, it having been issued by the auditor close to the deadline. It was noted that this requirement had been complied with in respect of the 2024/25 audit.

The process of internal audit is key to the review of the SIC. The annual meeting between the RFO, Finance Manager and the internal auditor to confirm the annual risk-based audit plan took place on 16<sup>th</sup> September 2025. This was subsequently presented to the Finance & Governance Committee on 12<sup>th</sup> November 2025. The internal auditor's interim reports are addressed by appropriate departmental managers as soon as they are completed. Responses are co-ordinated by the Finance Manager and incorporated into the internal auditor's reports to the F&GC, which were considered on 12<sup>th</sup> November and 17<sup>th</sup> December 2025 and 25<sup>th</sup> February 2026. This ensures that actions are taken at the earliest possible opportunity.

The F&GC also reviewed progress in implementing the recommendations from the previous audit year on 25<sup>th</sup> February 2026.

The internal auditor's annual report for 2025/26 confirms that, based on the audit work carried out, 'Swanage Town Council's central systems and internal control arrangements appear to be effective' and that no significant control weaknesses have been identified for inclusion in the Council's Annual Governance Statement.

In conclusion, the Town Council continues to take measures to improve its SIC to ensure that public funds are used economically, efficiently and effectively. During 2026/27 it is anticipated that the F&GC will continue its important work in overseeing the implementation of recommendations from the internal and external auditors, together with improvements identified in the Corporate Risk Register and a review of key Council policy documents, including Standing Orders and Financial Regulations.

Martin Ayres  
Town Clerk and RFO - May 2026

## Section 1 – Annual Governance Statement 2025/26

We acknowledge as the members of:

ENTER NAME OF AUTHORITY

our responsibility for ensuring that there is a sound system of internal control, including arrangements for the preparation of the Accounting Statements. We confirm, to the best of our knowledge and belief, with respect to the Accounting Statements for the year ended 31 March 2026, that:

	Agreed		'Yes' means that this authority:
	Yes	No*	
1. We have put in place arrangements for effective financial management during the year, and for the preparation of the accounting statements.			<i>prepared its accounting statements in accordance with the Accounts and Audit Regulations.</i>
2. We maintained an adequate system of internal control including measures designed to prevent and detect fraud and corruption and reviewed its effectiveness.			<i>made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge.</i>
3. We have assured ourselves that there are no matters of actual or potential non-compliance with laws, regulations and Proper Practices that could have a significant financial effect on the ability of this authority to conduct its business or manage its finances.			<i>has only done what it has the legal power to do and has complied with Proper Practices in doing so.</i>
4. We provided proper opportunity during the year for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit Regulations.			<i>during the year gave all persons interested the opportunity to inspect and ask questions about this authority's accounts.</i>
5. We carried out an assessment of the risks facing this authority and took appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required.			<i>considered and documented the financial and other risks it faces and dealt with them properly.</i>
6. We maintained throughout the year an adequate and effective system of internal audit of the accounting records and control systems.			<i>arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether internal controls meet the needs of this smaller authority.</i>
7. We took appropriate action on all matters raised in reports from internal and external audit.			<i>responded to matters brought to its attention by internal and external audit.</i>
8. We considered whether any litigation, liabilities or commitments, events or transactions, occurring either during or after the year-end, have a financial impact on this authority and, where appropriate, have included them in the accounting statements.			<i>disclosed everything it should have about its business activity during the year including events taking place after the year end if relevant.</i>
9. (For local councils only) Trust funds including charitable. In our capacity as the sole managing trustee we discharged our accountability responsibilities for the fund(s)/assets, including financial reporting and, if required, independent examination or audit.	Yes	No	N/A <i>has met all of its responsibilities where, as a body corporate, it is a sole managing trustee of a local trust or trusts.</i>
10. We have put in place arrangements for the effective IT and data management in accordance with proper practices during the year under review.			<i>has made suitable arrangements for its IT and data management and has complied with proper practices in doing so.</i>

**\*Please provide explanations to the external auditor on a separate sheet for each 'No' response and describe how the authority will address the weaknesses identified. These sheets must be published with the Annual Governance Statement.**

This Annual Governance Statement was approved at a meeting of the authority on:

DD/MM/YYYY

and recorded as minute reference:

MINUTE REFERENCE

Signed by the Chair and Clerk of the meeting where approval was given:

Chair

SIGNATURE REQUIRED

Clerk

SIGNATURE REQUIRED

ENTER PUBLICLY AVAILABLE WEBSITE/WEBPAGE ADDRESS

## Section 2 – Accounting Statements 2025/26 for

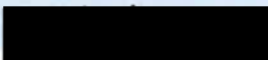
### SWANAGE TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2025 £	31 March 2026 £	
1. Balances brought forward	1,813,617	2,299,035	Total balances and reserves at the beginning of the year as recorded in the financial records. Value <b>must</b> agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	878,750	1,085,000	Total amount of precept (or for IDBs rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	2,755,492	2,174,814	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	1,303,952	1,372,649	Total expenditure or payments made to and on behalf of all employees. Include gross salaries and wages, employers NI contributions, employers pension contributions, gratuities and severance payments.
5. (-) Loan interest/capital repayments	0	0	Total expenditure or payments of capital and interest made during the year on the authority's borrowings (if any).
6. (-) All other payments	1,844,872	1,606,818	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	2,299,035	2,579,382	Total balances and reserves at the end of the year. <b>must</b> equal (1+2+3) - (4+5+6).
8. Total value of cash and short term investments	2,476,750	2,746,994	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – <b>To agree with bank reconciliation.</b>
9. Total fixed assets plus long term investments and assets	13,212,806	13,361,003	The value of all the property the authority owns – it is made up of all its fixed assets and long term investments as at 31 March.
10. Total borrowings	0	0	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).

For Local Councils Only	Yes	No	
11 Do the figures in the accounting statements above exclude any trust transactions?	✓		For guidance refer to the Practitioners' Guide sections 2.31 to 2.33.

I certify that for the year ended 31 March 2026 the Accounting Statements in this Annual Governance and Accountability Return have been prepared on either a receipts and payments or income and expenditure basis following the guidance in Governance and Accountability for Smaller Authorities – a Practitioners' Guide to Proper Practices and present fairly the financial position of this authority.

**Signed by Responsible Financial Officer before being presented to the authority for approval.**


  
 Date **13/05/2026**

I confirm that these Accounting Statements were approved by this authority on this date:

**20/05/2026**

as recorded in minute reference:

**MINUTE REFERENCE**

Signed by Chair of the meeting where the Accounting Statements were approved

**SIGNATURE REQUIRED**

# SWANAGE TOWN COUNCIL



## Financial Review Year Ended 31<sup>st</sup> March 2026

### 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
  - Bank Reconciliation
  - Reconciliation of Reserves to Cash
  - Tangible Fixed Assets and Long-Term Investments
  - Long-Term Borrowing
  - Notes

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## 1. Introduction & Overview

In line with the Accounts and Audit (England) Regulations 2015, the Town Council's statutory statement of account is the Annual Governance & Accountability Return (AGAR), 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.

However, 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.

## 2. Financial Review

### Revenue Account/Service Provision

A summary of the Council's budgeted and actual income and expenditure, with variances, is given below.

Service	Actual Net Expenditure £	Budgeted Net Expenditure £	Variance £
Car Parks	(669,685)	(610,275)	(59,410)
Boat Park	(38,041)	(37,835)	(206)
Public Conveniences	183,800	159,135	24,665
Cemeteries	(32,642)	(21,210)	(11,432)
Parks and Operations (incl CCTV)	709,115	758,045	(48,930)
King George's Field Trust-Mgt Account	(16,435)	0	(16,435)
Beach Gardens	(17,997)	9,635	(27,632)
Beaches/Foreshore	89,857	96,805	(6,948)
Beach Chalets/Bungalows	(122,636)	(136,615)	13,979
Publicity/Tourism	276,592	289,510	(12,918)
Allotments	(6,977)	(7,350)	373
General Buildings (inc. Caravan park)	(72,404)	(78,925)	6,521
Central services to the public:	547,365	568,485	(21,120)
Democratic & Corporate Management	131,932	108,175	23,757
Grants Issued	27,675	32,750	(5,075)
<b>Net Cost of Services</b>	<b>989,519</b>	<b>1,130,330</b>	<b>(140,811)</b>
<b>Non-Service Expenditure</b>			
Community Infrastructure Levy	(37,769)	0	(37,769)
Precept on Dorset Council	(1,085,000)	(1,085,000)	0
Interest payable and similar charges	2,454	5,025	(2,571)
Interest and investment income	(287,164)	(240,000)	(47,164)
<b>Total Net Expenditure</b>	<b>(417,960)</b>	<b>(189,645)</b>	<b>(228,315)</b>
Appropriation to Reserves	460,507	154,670	305,837
Appropriations from Reserves	(6,502)	0	(6,502)
Financing Capital Expenditure	70,874	33,000	37,874
<b>(Surplus)/Deficit for the Period</b>	<b>106,919</b>	<b>(1,975)</b>	<b>108,894</b>

## FINANCIAL REVIEW 2025/26

During 2025/26 the net expenditure on Town Council services, taking into account all revenue income and expenditure, was £989,519, this being £140,811 less than budgeted. The Council received a total of £1,085,000 in Precept, together with non-service contributions and CIL monies of £37,769 and £287,164 in investment income. It also contributed a net sum of £454,005 to its earmarked reserves and £70,874 directly to fund capital works.

In addition to the parish precept, the Town Council has two other principal sources of income: car parking charges and investment income. Car parking income exceeded budget by £60k, with the largest variance of £29k occurring at Main Beach car park; only Broad Road car park underperformed budget.

Income from the Council's investments also significantly exceeded budget, by £47k. This was again due both to the deferral of capital expenditure and the continuation of higher than anticipated interest rates. This is analysed further below in the Treasury Management section of this review. As has been the case in recent years, in order to comply with accounting guidance this figure includes the interest received for the fourth quarter of 2024/25 and the first three quarters of 2025/26 in relation to long-term investments.

Parks and Operations is the Council's largest area of expenditure and generated the second largest variance against budget. Expenditure on professional fees in connection with the development of the Green Seafront Scheme options and the cost of repairs to the coping stones at the bandstand (funded by a reserve holding contributions from the Friends of Swanage Bandstand) were more than offset by a range of underspends, the largest of which was in respect of employment costs, together with increased income from property rental. Together this resulted in a positive variance of £49k. A negative variance of £6.5k in respect of the General Buildings/Downs and Miscellaneous Grounds budgets was largely the result of the Town Council's share of professional fees in connection with remedial works to a boundary wall adjoining public green space at Marsh Way.

In terms of the council's visitor services, the most significant variation against budget was in relation to Beach Gardens, where increased income from putting and refreshments combined with a refund of water costs and an underspend on repairs and maintenance resulted in a net surplus of £18k, compared to a forecast deficit of £9.6k. Positive variances were also seen in connection with the Swanage Information Centre, due to underspends on advertising and computer services, and Beaches and Foreshore, as a result of lower than anticipated staffing costs, business rates and repairs and maintenance more than offsetting higher costs of seaweed management. Peveril Point Boat Park was largely on budget. Only the Beach Huts saw an overall negative variance due to increased business rates; Beach Hut income was broadly on budget, 6.8% higher than the previous year.

In relation to community facilities, the only significant negative variance (£24.5k) related to the operation of the Public Conveniences, as a result of higher water charges and spending on repairs and maintenance. A positive variance in respect of Cemeteries resulted from a higher than anticipated number of interments, although year-on-year income was £4k lower. The allotments were on budget.

In terms of the Council's management and administration costs, the positive variance in respect of Central Services was largely due to an overspend in respect of legal and professional fees being offset by underspends in employment costs and a range of other budgets including utilities and photocopying

charges. The negative variance in Democratic & Corporate Management is largely explained by the £18.5k cost of three contested byelections during 2025.

Despite a lower than anticipated net cost of services, once increased contributions to earmarked reserves are accounted for (see section on earmarked reserves below), there is a deficit on the General Fund for the year of £106,919, compared to a projected surplus of £1,975. This has resulted in an overall General Fund Balance of £738,756 as at 31<sup>st</sup> March 2026.

### Capital Programme and Planning

The Town Council adopts an annual capital works programme as part of its budget setting process in January. These works can be financed from reserves, either those earmarked for a specific project (EMR), the Usable Capital Receipts Reserve (UCRR), or the General Fund.

Table 1 below summarises the actual capital expenditure for the 2025/26 financial year and how this was financed.

Table 1: Capital expenditure and source of financing 2025/26

	Funded from Capital Receipts £	Funded from Earmarked Reserves £	Funded from General Fund £	External Funding £	Total Cost £
<b>Land &amp; Buildings</b>					
Godlingston Cemetery Composter toilet	0	0	11,635	0	<b>11,635</b>
Tennis Courts 4& 5-Astroturf	0	15,000	0	24,205	<b>39,205</b>
Green Seafront Scheme-PPA	0	0	38,622	0	<b>38,622</b>
Peveril Point Road - Buttressing	14,340	0	0	0	<b>14,340</b>
<b>Vehicles, Plant &amp; Equipment</b>					
Pay & Display Terminal	0	0	5,617	0	<b>5,617</b>
KG Skate Park Equipment	0	35,000	0	40,000	<b>75,000</b>
IT Equipment	0	2,400	0	0	<b>2,400</b>
<b>Sub total</b>	<b>14,340</b>	<b>52,400</b>	<b>55,874</b>	<b>64,205</b>	<b>186,819</b>
<b>Capital Grants</b>					
Greengage Community Garden	0	0	15,000	0	<b>15,000</b>
<b>TOTAL</b>	<b>14,340</b>	<b>52,400</b>	<b>70,874</b>	<b>64,205</b>	<b>201,819</b>

### Land & Buildings

**Godlingston Cemetery – Composter Toilet Installation:** Capital Projects Sub-Committee reviewed quotes for the installation of a composter toilet on 15<sup>th</sup> September 2025. The preferred option was identified as the NatSol Full Access Composting toilet. A contract was issued in October, and the toilet delivered in November 2025. Installation was completed in March 2026.

**Beach Gardens – Installation of Astroturf on Courts 4 & 5:** A tender for the installation of astroturf on courts 4 & 5 was undertaken and the contract awarded to Chiltern Sports Ltd at the Council meeting held 21 July 2025, Minute 67, for a sum of £39,205. Works were completed in March 2026. These works were funded with a contribution from Swanage Tennis Club of £24,205 and £15,000 from the Tennis Courts earmarked reserve.

**Green Seafront Scheme:** Members received the Green Seafront Engagement Report, provided by Dorset Coast Forum on 17<sup>th</sup> November 2025, Minute No. 120, noting that the Council was still in the relatively early stages of the project, with no decision having yet been made as to the preferred scheme. Later, at the same meeting, Council approved the appointment of WSP (using the previously approved Collaboration Agreement with Dorset Council) to deliver the professional services required for the submission of planning applications for both the essential and enhanced Green Seafront Schemes, for the sum of £135,000, Minute 131 (a). It is anticipated that plans will be submitted for both schemes in June 2026. At the end of the 2025/26 financial year £38,622 of expenditure had been incurred in relation to the Planning Performance Agreement (PPA) with Dorset Council.

**Peveil Point Road – Buttressing of Wall:** This project was initially due to carry out stabilisation and road improvement works. However, due to the cost the project was reviewed by Capital Projects Sub-Committee in September 2025. It was reported that steps were being taken to seek to revise the scheme (i.e. lessen the scope of works) and it was agreed that two separate schemes would be undertaken.

At a meeting of the Committee held 19<sup>th</sup> January 2025, it was reported that a specification had been developed by a structural engineer and quotes from suitably qualified contractors sought for the buttressing of the wall and establishing a new parking area. Following a tender process, Council awarded the contract to David R White Building Services and works were completed in March 2026.

A contract was issued for carriageway upgrade at the same meeting, however, these works have been deferred to the 2026/27 financial year.

### **Vehicles, Plant & Equipment**

**Pay & Display Terminal:** An order was placed with Flowbird for one additional terminal and was installed in the Main Beach car park in May 2025.

**King George’s Field-Skate park Equipment:** Following a tender process, a contract was awarded to King Ramps Ltd at the Special Meeting held 28<sup>th</sup> May 2025, for the design and supply of new skatepark equipment to the value of £75,000. Installation of the equipment was completed in January 2026. The Council funded £35,000 from the King George’s Field Management Account reserve, with the balance of £40,000 being funded by the Swanage Skatepark Community Project (SSCP).

**IT Equipment:** The specification for the procurement of IT equipment was still under discussion at the end of the 2025/26 financial year, with it being anticipated that the services of an IT Consultant would be procured in the first instance, and a specification being drafted upon any advice received. During the 2025/26 financial year, 3 aged pcs at the depot were replaced due to operational requirements and added to the asset register.

### **Capital Grants**

**Swanage & Purbeck Development Trust – Greengage Community Garden:** Council approved a grant of £15,000, Minute No. 231, Council Meeting 28<sup>th</sup> April 2025 for the Greengage Community Garden

at Prospect Nursery. It was agreed that the grant would be paid in two instalments. The first tranche, £6,000, was paid in May 2025 and the second tranche, £9,000, was paid in March 2026

### **Treasury Management**

The Council has continued to contract Arlingclose as its treasury advisors and remains classified as a retail client, which to some extent restricts the advice that can be given and investments that can be made.

The Council continues to maintain its objective of the security of capital over yield, within the parameters set out in the Treasury Management & Investment Strategy Statement 2025/26 and upon advice given by Arlingclose. The Council has continued to maintain a relatively diverse investment portfolio, commensurate with the size of its balances, throughout the course of the 2025/26 financial year, utilising accounts with Lloyds Bank, the UK Government, Money Market Funds and pooled funds.

Short-term investment activity, as defined in the *Practitioners' Guide*, has been relatively active during the year. Having regard to the definition of short- and long-term investments in the *Practitioners' Guide* and consciously avoiding investments that are classified as long-term and counted towards the expenditure and income totals in the AGAR, movements of cash have been confined to term deposits with the UK Debt Management Office (DMO). Bank Rate decreased from 4.50% to 4.25% in May 2025, to 4.00% in August 2025 and to 3.75% in December 2025, which was held until the end of the financial year.

With regards to long-term investments (strategic investments) the Council continued to maintain the units held in the CCLA LAMIT Property Fund, the M&G Strategic Corporate Bond Fund and the Ninety-One Diversified Income Fund.

In accordance with the *Practitioners' Guide*, long-term investments are recorded in the asset register (and included in Box 9 of the AGAR section 2) at the original cost of acquisition this being £3,517,940. In terms of income generation, the pooled funds have continued to perform well, realising an annualised yield of 4.62% (CCLA), 4.77% (M&G) and 4.99% (Ninety-One), 4.72% overall, based upon market value rather than book value.

In recognition of the fact that the value of long-term investments will change over time, the market value of the long-term investments held by the Council are noted in the Fixed Asset Register. For the three long-term investments held by the Council this totals £3.66m, with unrealised gains of £149k overall.

The net return on the Council's investments had been estimated at £240,000, with an actual outturn of £287,164 at year end. The Council's Annual Treasury Report 2025/26, which gives a more in-depth review, has been published separately. A summary of investments held at 31<sup>st</sup> March 2026 can be found on page 14.

### **Earmarked Reserves**

The Council's Earmarked Reserves (EMR) were established in order to build up funds to meet anticipated future expenditure as identified in the capital programme and risk register. The Council's Reserves Policy was reviewed during the course of the year, as part of the process for setting the Council's budgets for the 2026/27 financial year.

One new reserve was established through this process; a Grants earmarked reserve. This reserve was established in order to hold underspends on the community grants budget. In March 2026 £5,705 was transferred into this reserve.

The King George's Play Area and Skate Park reserve has been consolidated with the King George's Field Management Account reserve, with £72,097 being transferred into the latter. The King George's Play Area and Skate Park reserve will be closed, given the management agreement between the council and the Trust, with the surplus on the management account being appropriated to the management account reserve. This was £16,435 in March 2026.

Funds from the Beach Hut and Public Conveniences reserves that were earmarked for contributing to the Green Seafront Scheme have been transferred to the Green Seafront Scheme reserve, to provide greater clarity as to the funds being earmarked for this project, £240,000 being moved in year. A further £153,989 was appropriated in to this EMR from the General Fund at the end of the financial year in line with the Council's Reserves Policy.

The Community Infrastructure Levy (CIL) Reserve received contributions of £37,769 in year. This reserve holds funds raised by Dorset Council from the CIL in order to meet expenditure in accordance with Community Infrastructure Levy Regulations 2010, Regulation 59C. At the end of the 2025/26 financial year, £390,021 was held in the CIL reserve.

In 2025/26 a total contribution of £460,507 was made to earmarked reserves from the General Fund, while £6,502 of earmarked reserves were drawn upon to finance revenue expenditure (bandstand repairs) a net appropriation of £454,005. A further £52,400 of reserves was utilised to finance capital expenditure. This has resulted in a net increase of £401,605 in Earmarked Reserves.

With an opening balance of £3,067,744 a net increase in the year of £401,605 has resulted in a balance of £3,469,349 of earmarked Reserves being held at 31<sup>st</sup> March 2026.

### **Capital Receipts Reserve**

The Council's Usable Capital Receipts Reserve (UCRR) saw a reduction of £14,340 in the year. These funds were used to finance the buttressing works at Peveril Point Road. The Council carries forward a balance of £1,889,216 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 Governance and Accountability Return Form 3**

The statutory statement of account is presented as the Annual Governance and Accountability Return (AGAR) Form 3, which has been published separately. The information contained within this report provides supplementary/supporting information to the AGAR. The AGAR consists of three sections and an Annual Internal Audit report:

#### **Section 1 – Annual Governance Statement**

This consists of ten statements where members give assurance that they have discharged their responsibilities in the proper governance of the body. Section 10 has been introduced in 2025/26 and relates to effective IT and data management.

#### **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 plus long term investments, and 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 Financial Officer.

*Sections 1 & 2 must be approved by the Council in accordance with the requirements of the Accounts and Audit Regulations 2015.*

#### **Section 3 – External Auditor report and certificate**

This report is issued by the Council's external auditor, appointed by the SAAA, and summarises the findings from the audit. It contains an opinion on the accounting statements and represents a limited level of assurance.

#### **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 Governance and Accountability Return summarises the Council's transactions for the 2025/26 financial year and its position at 31<sup>st</sup> March 2026. The statement of accounts has been prepared following guidance given in the Smaller Authorities' Proper Practices Panel's (SAPPP), formerly the Joint Panel on Accountability and Governance (JPAG), *Practitioners' Guide, March 2025 edition*.

**4. Supplementary Information in Support of the Annual Governance and Accountability Return**

<b>The Annual Return - Income &amp; Expenditure</b>				
<b>2024/25</b>			<b>2025/26</b>	
£	£		£	£
	1,813,617	<i>Reserves &amp; Balances brought forward - Box 1</i>		2,299,035
		<b>Income</b>		
	878,750	<i>Precept - Box 2</i>		1,085,000
869,793		Rental, Interest & Investment Income	799,359	
949,220		Charges made for Services	1,036,124	
358,353		Other Income or Contributions	275,126	
578,126		Capital Receipts, Grants/Contributions & Investments	64,205	
	2,755,492	<i>Total Other Receipts - Box 3</i>		2,174,814
		<b>Expenditure</b>		
		<i>Salaries and Wages</i>		
(955,892)		Direct Service Costs	(982,162)	
(348,060)		Democratic, Management and Civic Costs	(390,487)	
	(1,303,952)	<i>Total Staff Costs - Box 4</i>		(1,372,649)
	0	<i>Loan interest/capital repayments - Box 5</i>		0
		<i>Other Costs</i>		
(1,091,200)		Direct service costs	(1,065,935)	
(20,550)		Grant and donations	(27,675)	
(367,499)		Democratic, Management and Civic Costs	(311,389)	
(348,110)		Capital Expenditure	(186,819)	
(17,513)		Capital Grants	(15,000)	
0		Long Term Investments	0	
	(1,844,872)	<i>Total Other Costs - Box 6</i>		(1,606,818)
	<u>2,299,035</u>	<i>Reserves &amp; Balances carried forward - Box 7</i>		<u>2,579,382</u>

<b>Bank Reconciliation for year ended 31<sup>st</sup> March 2026</b>			
	£	£	Note
<b>Bank Accounts</b>			
Current	30,675		
Deposit Account	57,809		
<i>add</i>			
outstanding receipts	7,975		
<i>add</i>			
petty cash	<u>535</u>		
Total Cash and Bank		96,994	
<b>Short Term Investments</b>			
MMFs	750,000		
MMFs	500,000		
DMADF	500,000		
DMADF	350,000		
DMADF	<u>550,000</u>		
Total Short Term Investments		2,650,000	6
<b>Total Cash and Short Term Investments – Box 8</b>		<u><u>2,746,994</u></u>	

### Reconciliation of Reserves to Cash

Where the Accounting Statements (Section 2 of the AGAR) have been prepared on an income and expenditure basis and there have been adjustments for debtors/prepayments and creditors/receipts in advance at the year end, the net difference between them is equal to the difference between Boxes 7 and 8.

Box 7 and Box 8 are reconciled as the balances carried forward, less debtors, plus creditors being equal to the total cash and short-term investments held by the Council.

2024/25 £		Note	2025/26 £
2,299,035	Box 7 – Balances carried forward		2,579,382
(287,496)	(-) Debtors	1	(233,068)
465,211	(+) Creditors	2	400,680
2,476,750	(=)Box 8 – Total cash and short-term investments		2,746,994

### Tangible Fixed Assets and Long-Term Investments & Assets

Tangible fixed assets and long-term investments & 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.

Capital expenditure in 2025/26 was £186,819. The *Practitioners' Guide* states that assets that are under construction should be included on the asset register only once complete. For the 2025/26 financial year £38,622 which relates to the Green Seafront Scheme has been classified as under construction and has been excluded from Box 9.

	Land & Buildings	Vehicles, Plant & Equipment	Infra-structure	Community	Total
<b>Tangible Fixed Assets- Cost or Valuation</b>	£	£	£	£	£
As at 1 April 2025	7,971,824	832,116	17,105	273,821	9,094,866
Additions/Enhancements	103,802	83,017	0	0	186,819
Assets Under Construction	(38,622)				(38,622)
Reclassifications	0	0	0	0	0
Gifted Assets	0	0	0	0	0
Disposals	0	0	0	0	0
As at 31 March 2026	8,037,004	915,133	17,105	273,821	9,243,063
<b>Long Term Investments &amp; Assets- Cost</b>					
As at 31 March 2025					4,117,940
Additions					0
Reclassifications					0
Redemptions					0
As at 31 March 2026					4,117,940
<b>Total Fixed Assets and Long Term Investments &amp; Assets – Box 9</b>					<b>13,361,003</b>

### Long Term Borrowing

2024/25		2025/26
£	Analysis of Loans – PWLB	£
0	Balance brought forward	0
0	Principal paid in year ( <b>Box 5</b> )	0
<u>0</u>	<b>Total Outstanding – Box 10</b>	<u>0</u>

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

**Notes**

**1. Debtors**

2024/25		2025/26
£	Amounts falling due in one year :-	£
38,313	HMRC-VAT	21,274
215,071	Sundry Debtors	186,548
(35,000)	Provision for Bad/Doubtful Debtors	(35,000)
60,013	Payments in Advance	49,204
9,099	Stock	11,042
<u>287,496</u>	<b>Total</b>	<u>233,068</u>

The year on year variance for VAT is due to the levels of income and expenditure in the March VAT quarter. The decrease in sundry debtors is largely due to contributions to capital projects, £37k in total which was outstanding at the end of 2024/25, with this reducing to £13k at 31 March 2026.

The provision for bad/doubtful debtors has been retained at £35,000 pending resolution of an ongoing debt recovery process. The amount paid in advance of the next financial year is lower in 2025/26 mainly due to the prepayment of an invoice for unmetered water in 2024/25 accounting for £7k of the variance.

**2. Creditors**

2024/25		2025/26
£		£
247,813	Sundry Creditors	169,236
217,398	Receipts in Advance	231,444
<u>465,211</u>		<u>400,680</u>

The decrease in sundry creditors is largely due to invoices for capital projects which were outstanding at the end of 2024/25. The increase in Receipts in Advance is generally due to inflationary increases for 2026/27 services.

<b>Movement of Reserves</b>				
	Balance 31 March 2025	Net movement in year	Balance 31 March 2026	Note
	£	£	£	
General Fund	845,675	(106,919)	738,756	3
Earmarked Reserves	3,067,744	401,605	3,469,349	4
Usable Capital Receipts Reserve	1,903,556	(14,340)	1,889,216	5
<b>Total</b>	<u>5,816,975</u>	<u>280,346</u>	<u>6,097,321</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 AGAR section 2 total in Box 7 due to the treatment of the long-term investments that the council holds in pooled funds £3,517,940. Following the *Practitioners’ Guide*, 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

2024/25		2025/26
£		£
873,555	General Fund Balance brought forward	845,675
272,915	Net Surplus/(Deficit) for Year	417,960
0	Financing Capital Expenditure	(70,874)
(300,795)	Net Transfers (to)/from Earmarked Reserves	(454,005)
<u>845,675</u>	General Fund Balance carried forward	<u>738,756</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 a decrease of £106,919 on the general fund in the year, comprising of a net surplus of £417,960 for the year, less a net transfer from the general fund to earmarked reserves of £454,005 and the financing of capital expenditure totalling £70,874.

### 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.

One new reserve was established in year, being a Grants earmarked reserves. This reserve has been set up to hold underspends on the community grants budget. The King George’s Play Area and Skate Park reserve has been consolidated with the King George’s Field Management Account reserve, given the management agreement between the council and the Trust, with the surplus on the management account being appropriated to this reserve. Funds from the Beach Hut and Public Conveniences reserves that were earmarked for contributing to the Green Seafront Scheme have been transferred to the Green Seafront Scheme reserve, to provide greater clarity as to the funds being earmarked for this project.

During the year a contribution of £460,507 was made to earmarked reserves from the General Fund, while £6,502 of revenue expenditure was financed from reserves, a net appropriation of £454,005. A further £52,400 of reserves was utilised to finance capital expenditure. This has resulted in a net increase of £401,605 in Earmarked Reserves.

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<b>Earmarked Reserves</b>	<b>Balance 31/03/2025 £</b>	<b>Transfer between reserves £</b>	<b>Additions to Reserve £</b>	<b>Rev Ex f'd from reserves £</b>	<b>Cap Ex f'd from Reserve £</b>	<b>Balance 31/03/2026 £</b>
Beach Huts Reserve	95,000	(95,000)	10,000	0	0	10,000
Environmental Projects	67,000	0	25,000	0	0	92,000
Community Infrastructure Levy	352,252	0	37,769	0	0	390,021
De Moulham Back Roads	26,951	0	1,713	0	0	28,664
Treasury Risk Management Reserve	214,132	0	0	0	0	214,132
Car Park Machines	4,811	0	5,000	0	0	9,811
Play Equipment-General Areas	41,406	0	10,000	0	0	51,406
Vehicle & Plant Replacement	40,000	0	0	0	0	40,000
Tennis Courts Refurbishment	29,418	0	5,526	0	(15,000)	19,944
King Georges Play Area & Skate Park	72,097	(72,097)	0	0	0	0
Public Conveniences	145,000	(145,000)	15,000	0	0	15,000
IT Equipment Reserves	22,664	0	0	0	(2,400)	20,264
Green Seafront Scheme	1,456,011	240,000	153,989	0	0	1,850,000
Community Sea Defence Project	450,000	0	0	0	0	450,000
King George's Field Mgt Account	14,612	72,097	16,435	0	(35,000)	68,144
Bandstand	16,390	0	0	(6,502)	0	9,888
Asset Management Plan Reserve	10,000	0	165,000	0	0	175,000
Boat Park/Fishers Huts Reserve	10,000	0	10,000	0	0	20,000
Grants Reserve	0	0	5,075	0	0	5,075
<b>Total</b>	<b>3,067,744</b>	<b>0</b>	<b>460,507</b>	<b>(6,502)</b>	<b>(52,400)</b>	<b>3,469,349</b>

### 5. Usable Capital Receipts Reserve (UCRR)

The UCRR holds the proceeds of the sale of fixed assets and can only be used in accordance with regulations. The Council utilised £14,340 during the course of the year to finance capital expenditure, resulting in a balance of £1,889,216 being held at the end of the year.

<b>2024/25 £</b>		<b>2025/26 £</b>
2,118,147	Balance brought forward	1,903,556
10,590	Capital receipts	0
	Less:	
(207,668)	Capital receipts used for financing Assets	(14,340)
(17,513)	Capital Grants	0
<u>1,903,556</u>	Balance carried forward	<u>1,889,216</u>

## 6. Treasury

The Council’s cash/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
Lloyds Current Account	£30,675	n/a	0.00%
Lloyds Bank-Deposit Account	£57,809	n/a	0.60%
Abrdn Money Market Fund	£500,000	n/a	3.80%
CCLA-Public Sector Deposit Fund	£750,000	n/a	3.75%
DMADF - 49 day deposit	£350,000	17/04/2026	3.61%
DMADF - 180 day deposit	£500,000	27/05/2026	3.74%
DMADF - 79 day deposit	£550,000	18/06/2026	3.76%
<b>Total Short Term Investments–(incl. in Box 8)</b>	<b>£2,738,484</b>		
CCLA-LAMIT Property Fund	£2,017,940	n/a	4.67%
M & G Strategic Corporate Bond Fund	£500,000	n/a	5.13%
Ninety One - Diversified Income Fund	£1,000,000	n/a	4.87%
<b>Total Long Term Investments–(incl. in Box 9)</b>	<b>£3,517,940</b>		
<b>Total Investments held @ 31<sup>st</sup> March 2026</b>	<b>£6,256,424</b>		

The Council held five short-term investments at 31<sup>st</sup> March 2026. It held two investments in Money Market Funds, one with the CCLA Public Sector Deposit Fund (a qualifying MMF) and one with Abrdn. The investments held with the MMFs have a variable rate of return. Three term deposits were held with the DMO totalling £1.4m. A further £57k was held in a Lloyds commercial deposit account, with £30k held in the Council’s current account. All short-term investments return the capital sum invested plus interest.

Long-term investments are valued at cost, £3.5m at 31<sup>st</sup> March 2026. During the year, the Council continued to hold funds in the CCLA LAMIT property fund, the M&G Strategic Corporate Bond Fund and the Ninety-One Diversified Income Fund.

## 7. Trust Funds – Box 11

The Council acts as Corporate Trustee for three Charitable Trusts. An in-depth review of the management of the Trusts, which commenced in 2022/23, has been ongoing during the year.

A management agreement between the Town Council and the King George’s Field Swanage Trust was executed as a Deed on 8<sup>th</sup> November 2023. This regularises the operational relationship between the Council and the Trust and requires the Council to undertake the day-to-day management of the Playing Field and account for any income and expenditure as Council income and expenditure. An earmarked reserve, King George’s Field Management Account reserve, was established in 2023/24 and holds any surplus funds on the management account, as per the agreement. As such the charity itself does not incur any income or expenditure. For the 2025/26 financial year, a surplus of £16,435 was realised on this account and this was appropriated to the earmarked reserve. A consolidation of the King George’s Field Management Account reserve and the King George’s Play Area & Skate Park reserve was

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undertaken during the year. Funds of £72,097 were transferred into the King George’s Field Management Account reserve. A further £35,000 was utilised to part-finance the purchase of new skate park equipment resulting in a year-end balance of £68,144.

The Gift of Public Pleasure Grounds Trust has as its objective the preservation as public open space of the Weather Station Field, Shore Rd; Prospect Park and Nursery; the southern verge along Gilbert Road; and a small triangular plot of land at Northbrook Cross. None of these parcels of land generate any income and are managed by the Town Council alongside its corporate property. This arrangement was formalised by the signing of a management agreement between the Council and the Trust, which was executed as a Deed on 4<sup>th</sup> March 2026.

The largest and most complex of the Council’s Trusts is the Mowlem Land Trust (known as the De Moulham Trust), which has responsibility for Sandpit Field and the benefit of covenants on properties across a large area of north Swanage. Sandpit Field is managed by the Town Council alongside its corporate property, and this arrangement has been formalised by the signing of a management agreement between the Council and the Trust, which was executed as a Deed on 4<sup>th</sup> March 2026.

In light of serious ground instability affecting the Weather Station Field and Sandpit Field, the Gift of Public Pleasure Grounds Charity and the Mowlem Land Trust have applied to the Charity Commission for permission to transfer these two parcels of land to the Town Council for a nominal sum. Having sought valuation advice, the Town Council has agreed to this, subject to ongoing legal advice. This would enable the Town Council to undertake the ground stabilisation works required on this land, together with adjoining property to the north, in a coordinated and cost-effective manner.

Discussions are ongoing with regards to Lloyds Bank (Private Banking) retiring as the Trustee of a fourth Trust, the James Day Will Trust, and the possibility of the Council assuming the role of Trustee.

As noted in previous Financial Reviews, the possibility of merging the Gift of Public Pleasure Grounds Trust, Mowlem Land Trust and the James Day Will Trust has been put forward as a way to consolidate and simplify the Council’s position as Trustee. As a first step towards this goal, an application was lodged with the Charity Commission to seek permission to merge the first two Trusts in April 2026. Further consideration is likely to be given to this matter in the 2026/27 financial year.

	Income	Expenditure	Net Gain/(Loss)
	£	£	£
De Moulham Trust <i>Registered 21<sup>st</sup> September 1995 following deed of assent dated 11<sup>th</sup> May 1990 gifting land and benefit of covenants to Swanage Town Council</i>	279	12,431	(12,153)
Gift of Public Pleasure Grounds <i>Indenture dating from 1924</i>	0	0	0
King George’s Field <i>Declaration of Trust entered into 24<sup>th</sup> September 2007</i>	0	0	0

**Charitable Funds held by Trusts:**

	Balance 31 March 2025	Net Contributions to/(from) Fund	Balance 31 March 2026
	£	£	£
De Moulham Trust	85,586	(12,153)	73,433
Gift of Public Pleasure Grounds	0	0	0
King George's Field	0	0	0

**8. Pension**

Swanage Town Council participates in the Local Government Pension Scheme (LGPS). The fund is administered by the Dorset County Pension Fund in which Swanage Town Council is pooled as a 'small scheduled body'. This fund provides members with benefits based on pay and service.

In 2025/26 the Council paid an employer's contribution of £218,391 into the Dorset County Pension Fund (a total of £212,488 in 2024/25), being 22% of pensionable pay. 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 2025/26 these amounted to £1,446 (£1,771 in 2024/25).

**9. Grants**

The following grants were issued during the 2025/26 financial year:

<b>Grants - Issued</b>		
<i>General Power of Competence, Localism Act, 2011</i>	£	£
<b>Revenue Grants</b>		
Swanage & Herston Football Club (Vodafone)	5,250	
Friends of Swanage Library	425	
Lewis Manning Hospice Care	794	
Mosaic, Children's Bereavement Support	300	
Swanage Literary Festival	500	
Swanage Museum	500	
Swanage District Guides Association	300	
Swanage Depression Support Group	500	
Purbeck Art Weeks	350	
Swanage Town Band	150	
Citizens Advice in East Dorset and Purbeck	2,500	
The Mowlem - Raise the Roof	12,406	
The Mowlem - Hearing Loop	3,700	27,675
<b>Capital Grants</b>		
S&PDT - Greengage (Prospect Nursery)		15,000
<b>Total</b>		<b>42,675</b>

The Council received one grant during the year from Dorset Council.

<b>Grants - Received</b>	
<i>Revenue Grants</i>	£
Dorset Community Tree Fund	250
<hr/>	
<i>Capital Grants</i>	
None	0
<hr/>	
<b>Total</b>	<b>250</b>
<hr/>	

The Council also made the following contributions to services provided by third parties:

<b>Other Contributions to Third Parties</b>		
	£	£
Swanage & Purbeck Development Trust - Health & Wellbeing Hub	21,000	
Dorset Council - Consortium Legal Fees Re: Ferry	4,000	
Dorset Council - Swanage Water Safety Patrol	4,200	
Dorset Council – Swanage First School Crossing Patrol	6,270	
National Trust - Swanage Streams Partnership	6,000	
Planet Purbeck - Sustainable Swanage Support	11,021	
<b>Total</b>		<b>52,491</b>
		<hr/>

The Council received funding from third parties for capital projects:

<b>Other Contributions from Third Parties</b>		
	£	£
Swanage Tennis Club - Astroturfing of Courts 4 & 5	24,205	
Swanage Skatepark Community Project - Skatepark Equipment	40,000	
<b>Total</b>		<b>64,205</b>
		<hr/>

## 10. Audit Fees

Smaller Authorities' Audit Appointments Ltd (SAAA) was appointed in January 2016 as the “person specified to appoint local auditors” under powers set out in Regulation 3 of the Local Audit (Smaller Authorities) Regulations 2015 to perform the functions set out in legislation for smaller authorities.

Following a tender process, BDO LLP were appointed by SAAA as the external auditor for the Council for the 5-year appointing period from 2022/23 until 2026/27. The Council has confirmed that there is no conflict of interest with BDO.

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2024/25		2025/26
£		£
2,940	Fees payable to the external auditor appointed by the SAAA	2,940
1,700	Adjustment on previous year's audit fees	0
<u>4,640</u>		<u>2,940</u>

### 11. Items for Consideration

Any events after the year end, 31st March 2026, have been considered up to the date of the Annual Return, 20<sup>th</sup> May 2026. There are no items to report which may have an effect upon the Annual Return.

# SWANAGE TOWN COUNCIL



## Annual Treasury Report 2025/26

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## Annual Treasury Report 2025/26

### **1. Background**

The Council's Treasury Management Strategy for 2025/26 is underpinned by having due regard to the Chartered Institute of Public Finance and Accountancy's Guidance for Smaller Public Organisations on the Application of the CIPFA Code of Practice for Treasury Management *in the Public Services: Code of Practice (2014 Edition) and Cross-Sectoral Guidance Notes 2017 Edition* (the CIPFA Code) and the Ministry of Housing, Communities & Local Government (MHCLG) *Statutory Guidance on Local Government Investments (3<sup>rd</sup> Edition)*, updated February 2018. The Code recommends that members approve a treasury management annual report after the end of each financial year. This report fulfils the Authority's obligation to have regard to the CIPFA Code and any other appropriate guidance.

The Authority's Treasury Management and Investment Strategy for 2025/26 was approved by full Council on 20 January 2025 which can be accessed on <https://www.swanage.gov.uk/Publications-Finance.aspx>

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 are therefore central to the Authority's treasury management strategy.

### **2. External Context**

**Economic background:** The financial year was largely dominated by two periods of significant uncertainty and volatility. The first being the US trade tariff 'Liberation Day' in April 2025 and the second was the US/Israel war with Iran at the end of February 2026.

After the initial fallout from US trade tariffs, the following months saw some improvements as equity markets made gains and bond yields eased modestly. However, in the UK this trend in bond yields reversed somewhat as an uncertain economic outlook together with concerns around the government's fiscal position and following the autumn Budget investors demanded a higher return for holding gilts.

The Budget itself was more muted than had been expected. Despite a weak economic outlook, this helped UK markets perform better with gilt yields trending downwards, inflation easing, and expectations for cuts in Bank of England (BoE) Bank Rate increasing.

The end of February 2026 saw the start of the war between US/Israel and Iran. The conflict caused oil and other commodity prices to rise sharply as the shipping lanes in the region became effectively closed, restricting global oil supply. At the end of the period, the economic outlook remained highly uncertain in terms of its impact on inflation as well as countries' fiscal and monetary policy conditions around the globe.

Prior to the start of the war, headline UK consumer price inflation (CPI) had generally been trending downwards, albeit the 3% in February 2026 was unchanged from January. Core CPI also stayed put

## Annual Treasury Report 2025/26

at 3.1%. Inflation was expected to fall further over the coming months to the BoE's 2% target, but the war changed this. Inflation is now expected to rise again, but how quickly and by how much depends on the duration of the war and how long commodity prices are elevated.

The Office for National Statistics (ONS) reported the UK economy expanded by 0.1% in Q4 2025. This followed previous modest gains of 0.2% in Q2 and by 0.1% in Q3. Of the subsequent monthly figures, the ONS estimated that GDP showed no growth in January 2026. As this is from before the war started the impact on growth will not be seen formally in the data for a couple more months.

While the most recent labour market figures were slightly better than expected, the general trend has been one of persistent weakness. In the three months to January 2026, the unemployment rate rose to 5.2% (from 5.1%), while the employment rate held at 75.1%. Despite inflation being expected to rise in the coming months, labour market conditions remain loose and so any upward pressure on wages from general inflation is likely to be tempered by the weaker labour market environment.

After cutting Bank Rate to 3.75% in December 2025, the BoE's Monetary Policy Committee (MPC) voted 5-4 to hold rates in February 2026 and then unanimously to do so again in March. Until the war started, financial markets were expecting Bank Rate to be cut to 3.5% at the March meeting. However, the conflict in the Middle East quickly changed this. The MPC noted the risks to both inflation and growth and indicated they could move rates either up or down depending on the conditions. Financial markets quickly responded to this by pricing in rate hikes.

Following the March MPC meeting, Arlingclose, the authority's treasury adviser, revised its central interest rate view and now predicts Bank Rate will be held at 3.75%. However, the conflict makes the outlook for rates highly uncertain. In the short-term the risks are to the upside with the chance of higher Bank Rate should the MPC decide it wishes to quickly quash potential second-round effects from higher inflation. Further out, if Bank Rate is hiked quickly, the pace and magnitude of subsequent cuts could take it far lower than was previously anticipated as policymakers add significant stimulus to a much weaker economic growth outlook.

The US Federal Reserve had been cutting rates over the period, reducing Fed Funds Rate target range by 0.25% at its December meeting to 3.50%-3.75%. At the three subsequent meetings, the rate was held at the same range. Policymakers noted that while inflation was elevated, economic activity had been expanding but the war with Iran made the path of monetary policy highly uncertain. Despite this, the Fed still suggested that further rate cuts were likely in 2026 and 2027.

The European Central Bank (ECB) has kept its key interest rates on hold since June 2025, maintaining the deposit rate at 2.0% and main refinancing rate at 2.15%. At its March 2026 meeting, the ECB noted the war in the Middle East had significantly increased uncertainty, creating upside risks for inflation and downside risks for growth, leading it to revise up its forecasts accordingly.

**Financial markets:** After declining sharply early in the financial year following the announcement of US tariffs, sentiment in financial markets had improved but equity and bond markets remained



## **Annual Treasury Report 2025/26**

volatile throughout. However, the latter part of the period was dominated by the US/Israel war with Iran, which saw equity markets fall sharply, and bond yields rise as concerns over the inflationary impact from sharply higher oil and other commodity prices outweighed the flight-to-quality into government bonds often seen in conflicts.

Equity markets had been registering gains after the declines during the April sell-off, but the war reversed this and markets saw another sharp drawdown. Both the FTSE 100 and 250 fell by around 10% over the month from the start of the conflict to the end of the financial year.

The period saw significant volatility in gilt yields. The 10-year UK benchmark gilt yield started the year at 4.65% and ended at 4.86%. However, over this time the 10-year yield hit a low of 4.23% and a high of 4.95% in the space of a month. It was a similar picture for the 20-year gilt which started at 5.18% and ended at 5.45% with a low and high of 4.92% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.01% over the 12 months to 31<sup>st</sup> March.

**Credit review:** Arlingclose maintained its recommended maximum unsecured duration limit on most of the banks on its counterparty list at 6 months. The other banks remain on 100 days.

Earlier in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. Fitch later upgraded Clydesdale Bank and HSBC, but downgraded Lancashire CC and Close Brothers.

Moody's affirmed OP Corporate's rating at Aa3 In May 2025. Later in the period, Moody's upgraded Transport for London, Allied Irish Banks, Bank of Ireland, Toronto-Dominion Bank, DZ Bank, Nordea and HSBC and downgraded Close Brothers. In the last quarter of 2025 S&P upgraded Clydesdale Bank, Allied Irish Banks and Bank of Ireland, and assigned Warrington Council a BBB+ rating.

After spiking in April 2025 following the US trade tariff announcements, UK credit default swap (CDS) prices had trended down before picking up modestly in October and November. After declining again in December and into the new calendar year, they rose sharply once again when the war in the Middle East started. They were still elevated at the end of the period, but prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

Overall, European banks' CDS prices have generally been flatter and lower compared to the UK, as have Singaporean and Australian lenders while some Canadian bank CDS prices have remained elevated since the beginning of the period in part due to ongoing trade tensions with the US.

Financial market volatility is expected to remain, and CDS levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

## Annual Treasury Report 2025/26

### Local Context

On 31<sup>st</sup> March 2026 the Authority held investments valued at £6.4m, with usable reserves and working capital being the underlying resources available for investment. These year-end values include unrealised gains from the Council's strategic investments, being £0.15m at 31 March 2026.

### 3. Borrowing Strategy and Debt Management

The Authority is debt free. Usable reserves are forecast to fall to £1.2m by March 2029, as capital receipts and earmarked reserves are used to finance the Council's extensive capital programme. The Council's capital expenditure plans and implications for treasury strategy and any potential borrowing requirement will be reviewed during the course of the 2026/27 financial year as plans for the Green Seafront Scheme are further developed.

### 4. Treasury Investment Activity

The CIPFA Treasury Management Code defines treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represent balances that need to be invested until the cash is required for use in the course of business.

The Authority holds significant invested funds, representing balances and reserves held. During the year the Authority's cash investment balances remained relatively stable, with fluctuations in the value of its long-term strategic investments. The investment position is shown in table 1 below.

Table 1: Treasury Investment Position

Investment Portfolio	31.03.25 Balance	Net Movement	31.03.26 Balance	31.03.26 Income Return
	£	£	£	%
Banks and building societies (unsecured)	73,888	14,596	88,484	
Money Market Funds	750,000	500,000	1,250,000	
UK Govt – DMO Deposits	1,650,000	-250,000	1,400,000	
<b>Total Internal Investments</b>	<b>2,473,888</b>	<b>264,596</b>	<b>2,738,484</b>	<b>3.63%</b>
*Investments in Pooled Funds:				
Property	2,372,612	-188	2,372,424	
Bond	425,097	-4,102	420,995	
Multi Asset	863,791	9,964	873,755	
<b>Total External Funds</b>	<b>3,661,500</b>	<b>5,674</b>	<b>3,667,174</b>	<b>4.77%</b>
<b>TOTAL INVESTMENTS</b>	<b>6,135,388</b>	<b>270,270</b>	<b>6,405,658</b>	<b>4.38%</b>

\*Funds stated at Fair Value

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.

## Annual Treasury Report 2025/26

The Authority’s treasury investments include both short-term low risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services.

Bank Rate reduced from 4.50% to 4.25% in May 2025, followed by a further reduction to 4.00% in August 2025 and to 3.75% in December 2025. Short term interest rates have largely followed these levels. The rates on DMADF deposits ranged between 3.6% and 4.4% and money market rates between 3.7% and 4.6%.

The progression of risk and return metrics are shown in the extracts from Arlingclose’s quarterly investment benchmarking in Table 2 below, which only includes the Council’s internally managed investments.

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

	<b>Credit Score</b>	<b>Credit Rating</b>	<b>Bail-in Exposure</b>	<b>Weighted Average Maturity (days)</b>	<b>Rate of Return</b>
31.03.2025	4.10	AA-	33%	19	4.35%
31.03.2026	4.30	AA-	49%	29	3.63%
Similar LAs	4.67	A+	56%	67	4.23%
All LAs	4.60	A+	64%	10	4.02%

### **Externally Managed Pooled Funds**

£3.6m (£3.5m book value) of the Authority’s investments are held in externally managed strategic pooled funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. In terms of measuring the performance of these funds, the current value is used.

During the 2025/26 financial year, financial markets were characterised by generally positive risk asset performance for much of the period, but with significant volatility, particularly at the beginning and end of the year. The period was effectively bookended by market disruption associated with US trade and foreign policy, initially following the announcement of US ‘Liberation Day’ tariffs in April 2025 and then, towards the year end, by the escalation of the US and Israel conflict with Iran in March 2026. Between these two episodes, market sentiment improved as inflation generally eased and expectations for further interest rate cuts increased, supporting both bond and equity markets.

For much of the year, the backdrop for government bonds became more constructive than had been the case in recent years. In the UK in particular, falling inflation and growing expectations of further Bank of England rate cuts supported sentiment, although yields remained volatile as investors also had to contend with fiscal concerns and an uncertain economic outlook. As a result, income returns remained attractive, while capital values were more variable. By the final quarter, however, the rise in oil and other commodity prices caused by the conflict with Iran raised concerns that inflation

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could move higher again and that further monetary easing could be delayed or even reversed, leading to renewed pressure on bond markets.

Equity markets also recovered well from the tariff-related weakness seen early in the financial year, supported by improving sentiment around inflation and interest rates, resilient corporate earnings and continued enthusiasm for artificial intelligence-related investment. AI remained a dominant theme in global equity markets throughout the year, although there was also concern that valuations in parts of the market had become too stretched and that an AI-driven bubble could unwind. Despite these concerns, equity markets generally made gains through much of the period before the deterioration in sentiment at the year-end as geopolitical risks intensified. For strategic pooled investments, this meant capital values were supported for much of the year, while income distributions continued to provide an important component of total return.

UK commercial property experienced a more stable backdrop than in the most difficult period following the sharp rise in yields in 2022 and 2023. Lower interest rate expectations and a firmer tone in markets for much of the year helped support valuations, although capital values were broadly flat overall. Income remained the main driver of returns, with rental income providing a relatively resilient contribution. However, as with other asset classes, the environment became more uncertain towards the end of the period.

The combination of the above had a marginal positive effect on the combined value of the Authority's strategic funds since March 2025.

The change in the Authority's funds' capital values and income earned over the 12-month period is shown in Table 3 below.

Table 3: Strategic Investment Returns – 12 months to 31<sup>st</sup> March 2026

<b>Fund Name</b>	<b>Book Value £m</b>	<b>Current Value £</b>	<b>Capital Growth £</b>	<b>Dividends Earned £</b>	<b>Capital Return %</b>	<b>Income Return %</b>	<b>Total Return %</b>
CCLA-LAMIT Property Fund	2.01	2,372,424	-188	110,870	-0.01%	4.67%	4.67%
M & G Strategic Corporate Bond Fund	0.50	420,995	-4,102	21,826	-0.97%	5.13%	4.17%
Ninety-One Diversified Income Fund	1.00	873,755	9,964	42,065	1.15%	4.87%	3.02%
<b>Total</b>	<b>3.51</b>	<b>3,667,174</b>	<b>5,674</b>	<b>174,761</b>	<b>0.16%</b>	<b>4.77%</b>	<b>4.93%</b>

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.



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During the course of the 2026/27 financial year, the Finance & Governance Committee will continue to review any requirement to redeem its long term investments to finance the capital programme over the next three financial years.

Due to accounting practices, long-term investments are stated at cost price in the Council's Annual Return, £3.51m in total, and as such these funds have an overall unrealised gain of £0.15m at 31<sup>st</sup> March 2026. Two of the funds, M&G and Ninety-One, are showing an unrealised loss, £205k in total, and CCLA an unrealised gain of £353k. Unrealised capital losses, or gains, will not have an impact on the General Fund until such a time as the Council redeems all or part of the units held in the funds.

### **Treasury Performance**

The budget for investment income in 2025/26 was £240,000, with actual income of £287,164. This is primarily due to the Council retaining a higher level of reserves than estimated, due to delays in implementing its extensive capital programme, combined with higher interest rates on its short-term investments than forecast. During the 2023/24 financial year a Treasury Risk Management Reserve was established in order to protect against any potential capital loss impacting the general fund at the point when strategic investments are redeemed. At 31 March 2026 £214,132 was held in this EMR.

**ESG policy:** Although the Council has not adopted an Environmental, Social and Governance (ESG) policy, it is recognised that ESG factors should be considered when placing new investments. The 2025/26 TMISS stated that when investing in banks and funds, the Council will aim to prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code. In 2025/26 all investments held by the Council complied with this assertion.

### **Non-Treasury Investments**

The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return.

The Council did not invest in non-treasury investments during the year.

## **5. Compliance & Treasury Management Indicators**

This report provides members with a summary report of the treasury management activity during 2025/26, having due regard to both the CIPFA Code of Practice and DLUHC Guidance. A prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

The Authority measures and manages its exposures to treasury management risks using the following indicators.

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**Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

<b>Credit Risk Indicator</b>	<b>31.3.26 Actual</b>	<b>2025/26 Target</b>	<b>Complied?</b>
Portfolio average credit rating	AA-	A	Yes

**Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period.

<b>Liquidity Risk Indicator</b>	<b>31.3.26 Actual</b>	<b>2025/26 Target</b>	<b>Complied?</b>
Total cash available within 3 months	£2.7m	£0.75m	Yes

Funds in excess of the approved counterparty limit of the £0.5m per fund/£1m sector limit were held in Money Market Funds from 30 April 2025, with £0.75m being held in the CCLA Public Sector Deposit Fund/£1.25m in total held in MMFs. This was reported to the Finance & Governance Committee on 23<sup>rd</sup> July 2025, and was due to funds held in the CCLA Public Sector Deposit Fund returning a higher interest rate than that of the DMO at that date. These funds were not drawn down during the year and remain in the CCLA PSDF. The 2026/27 counterparty limits were increased accordingly.

The Authority can confirm that during 2025/26 it complied with all other aspects of its **Treasury Management Policy Statement** and **Treasury Management Practices**.