

SWANAGE TOWN COUNCIL



Financial Review Year Ended 31st March 2021

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

Page left intentionally blank

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 | Net Expenditure | Budgeted Net Expenditure | Variance Year to Date |
|---|-----------------|--------------------------|-----------------------|
| Car Parks | (195,832) | (345,760) | 149,928 |
| Boat Park | (25,056) | (31,935) | 6,880 |
| Public Conveniences | 111,726 | 143,055 | (31,329) |
| Cemeteries | (16,813) | (23,520) | 6,707 |
| Parks and Operations (incl CCTV) | 570,352 | 612,215 | (41,863) |
| Beach Gardens | 5,915 | 33,610 | (27,695) |
| Beaches/Foreshore | 52,060 | 57,150 | (5,090) |
| Beach Chalets/Bungalows | 9,555 | (89,550) | 99,105 |
| Publicity/Tourism | 163,787 | 185,430 | (21,643) |
| Allotments | (6,896) | (3,190) | (3,706) |
| General Buildings (inc. Caravan park) | (7,125) | (80,505) | 73,380 |
| Central services to the public: | 331,730 | 348,585 | (16,855) |
| Democratic & Corporate Management | 69,572 | 75,800 | (6,228) |
| Grants & Donations | 16,576 | 19,195 | (2,619) |
| Net Cost of Services | 1,079,551 | 900,580 | 178,972 |
| Interest payable and similar charges | 3,103 | 5,600 | (2,497) |
| Interest and investment income | (184,898) | (185,000) | 102 |
| Net Operating expenditure | 897,756 | 721,180 | 176,576 |
| Other Movements on the General Fund | (30,888) | 25,500 | (56,388) |
| Amount to be financed: | 866,868 | 746,680 | 120,188 |
| Financed by: | | | |
| Grants/Donations | (104,806) | (3,000) | (101,806) |
| Community Infrastructure Levy | (148,751) | 0 | (148,751) |
| Precept on Dorset Council | (732,390) | (732,390) | 0 |
| Total Financing: | (985,947) | (735,390) | (250,557) |
| | | | |
| (Surplus)/Deficit for the Period | (119,079) | 11,290 | (130,369) |

FINANCIAL REVIEW 2020/21

2020/21 was clearly an extraordinary year in light of the pandemic and the ensuing lockdown measures. Budget monitoring and predicting a likely out-turn figure in-year has never been more uncertain. This report provides an opportunity to analyse and review the impact of these unprecedented circumstances on the Council's financial performance as of 31st March 2021.

During 2020/21 the net expenditure on Town Council services, taking into account all revenue income and expenditure, was £897,756, this being £176,576 more than budgeted. The Council also funded £23,377 of capital expenditure from its revenue account (see section on Capital Programme below). The Council received a total of £732,390 in Precept, together with grants, donations and other contributions of £253,557. It also drew on a net sum of £54,265 from its earmarked reserves to fund specific projects. Overall, this resulted in a surplus on the General Fund for the year of £119,079.

The Town Council has three principal sources of income: the Council Tax Precept, car parking revenue and investment income. During 2020/21 these together generated income of £1.4 million, compared to £1.49 million in 2019/20. Grant income and other financial contributions also made a significant addition to Council funds during the year, totalling £253,557. The largest proportion of this relates to the final instalments of funding from the MMO (Marine Management Organisation) for capital works carried out in previous years. Taken together, these four sources of income generated £1.65 million, approximately 80 per cent of the Council's total revenue of just over £2.1 million.

A total of £732,390 was raised through the parish precept in 2020/21, an increase of 2 per cent from the previous financial year. Individual household bills increased by 2.18 per cent due to a small decrease in the tax base for the third year in a row.

Unsurprisingly, car parking income was below budget. However, given that car park charges were suspended for most of the first quarter due to lockdown restrictions there was a remarkable recovery in income in the middle of the year. This resulted in a shortfall of 15 per cent on budgeted income, and constitutes the Council's largest variance.

The income from the Council's investments was almost precisely on budget, although around 10 per cent down year-on-year. This is analysed further below in the Treasury Management section of this review.

The impact of the lockdown on the Council's sources of seasonal income was significant, most notably in respect of beach hut income, which was almost two-thirds below budget. Given that the Council took the opportunity to proceed with works to upgrade the doors on the Shore Road huts, this led to a net deficit under this budget heading.

In other cost centres, however, any loss of income was more than offset by savings, leading to a number of positive variances. Income from the beach was largely in line with expectations, and costs were lower across a wide range of budget headings, including seaweed clearance and seasonal employment costs. At Beach Gardens a significant reduction in income was more than offset by savings in staff costs alone. The Tourist Information Centre likewise saw a large reduction in income from sales, advertising boards and agency commission offset by a range of savings.

The out-turn at the boat park was mixed, resulting in a relatively small negative variance from budget. Income was not as severely affected as beach huts because boat storage continued to be available throughout lockdown. Over-budget repairs and maintenance costs, however, offset underspends in seasonal staffing.

In relation to community facilities, there was a negative variance in cemetery budgets, but in the circumstances it is clearly good to be able to report lower than anticipated income from cemetery fees. In respect of the allotments, the outturn was very similar year-on-year, but produced a significant positive variance due to an underspend on repairs and maintenance due to the deferral of fence replacement. Spending on public conveniences was significantly under budget, by more than £30,000. This was partly due to reduced operating costs in the first lockdown (savings on water, electricity and cleaning) but also due to the long-awaited exemption of public conveniences from business rates.

The Parks and Operations department is the largest budget, but produced a comparatively small positive variance of 6.8 per cent (£41,863). The main contributing factor was an underspend on employee costs, with many smaller variances also contributing to the outcome. This more than offset significant overspends in respect of Spa/Seafront hired services and Festive Lights. The General Buildings/Downs and Miscellaneous Grounds budget shows a significant negative variance of £73,380. This is explained by the deferral of the Seymer Road wall reconstruction from the 2019/20 financial year. These works have been funded from the 'committed expenditure – deferred' earmarked reserve, which was established this time last year.

Central Services costs were under budget, by approximately £17,000, almost solely explained by lower staff costs arising from a long-term vacancy. A positive variance under Democratic Representation and Management resulted from underspends on publicity and grants & donations. Further information regarding the latter is set out on page 16 of this report. Community Infrastructure Levy receipts of £148,751 have been transferred to an earmarked reserve.

Consequently, although the Council's income was in places significantly below budget (e.g. car parking and beach hut charges) this was more than offset by savings on the appointment of seasonal staff and a range of other budget underspends. It is acknowledged that lower than anticipated staff costs will have had an impact on the community by reducing the availability of seasonal employment, although on a positive note the Council has avoided the need to reduce permanent staff numbers.

The resultant surplus on the General Fund for the year of £119,079 compares with an anticipated deficit of £11,290 at budget setting. This was achieved without direct assistance from any government support packages (e.g. furlough). The overall outcome at 31st March 2021 is a General Fund Balance of £818,092, leaving the Council well-placed to withstand further financial uncertainty in the months ahead.

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, the Usable Capital Receipts Reserve (UCRR), or the General Fund.

Table 1 below summarises the actual capital expenditure for the 2020/21 financial year and how this was financed.

Table 1: Capital expenditure and source of financing 2020/21

| | Funded from Capital Receipts £ | Funded from Earmarked Reserves £ | Funded from General Fund £ | External Funding £ | Total Cost £ |
|--|---|--|--|--------------------------|-----------------|
| Land & Buildings | | | | | |
| Public Conveniences - North Beach | 3,012 | - | - | - | 3,012 |
| Bandstand | 7,500 | - | - | 10,255 | 17,755 |
| Godlingston Cemetery Extension | 4,490 | - | - | - | 4,490 |
| Vehicles, Plant & Equipment | | | | | - |
| Nissan eNV200 - HJ70 ZLE | 263 | 20,000 | - | - | 20,263 |
| Play Areas - Days Park | - | 43,226 | - | - | 43,226 |
| Recreation Ground | - | 134,472 | - | - | 134,472 |
| Electricity Boxes-Market Main Beach | - | - | 23,377 | - | 23,377 |
| TOTAL | 15,265 | 197,698 | 23,377 | 10,255 | 246,595 |

Land & Buildings

Public Conveniences- North Beach:

The majority of the works relating to this project were carried out in 2019/20. Works were initially expected to be finished by March 2020, however, these overran into 2020/21 and as such shown as an Asset Under Construction in the 2019/20 asset register. Works were completed in June 2020 with £3,012 being spent in 2020/21, bringing the total project costs to £17,276.

Bandstand: In November 2019, and following on from the restoration of the bandstand in 2019/20, Council approved the installation of seating at the bandstand, with the contract awarded to Recycling Plastic Matters. This was approved upon the basis that the Council would commit £7,500 to the project, and was subject to confirmation of contributions from Friends of Swanage Bandstand.

The seating installation was initially expected to be completed in February/March 2020, however, due to the Covid-19 pandemic works were delayed. The upper tier of seating was completed in June 2020, with the lower tier completed in July 2020. The total cost of the installation was £17,755, with the Friends of Swanage Bandstand contributing £10,255 to the costs.

Godlingston Cemetery Extension: TGMS were appointed as consultants and project managers for this project during the 2020/21 financial year. To date, £4,490 has been spent on the preliminaries, with further project management and all construction costs set to be incurred in the 2021/22 financial year.

Vehicles, Plant and Equipment

Nissan eNV200 Acenta: Council initially approved the purchase of a pool electric vehicle, however, the Operations Manager identified a need for an additional works van during the Covid-19 pandemic, given safe distancing requirements/alternative shift patterns. Therefore, the option of purchasing a fleet electric van as an alternative was agreed by the General Operations Committee held on 11th November 2020. The electric vehicle, a Nissan eNV200 was delivered on 17th December 2020. This van was predominantly financed from the vehicle and plant replacement reserve, £20,000, with the balance of £263 being met from the UCRR.

Play Areas – Days Park and the Recreation Ground: Both projects had an individual budget allocation of £90,000. However, the allocated budgets were combined into one overall budget of £180,000 to cover both areas and be tendered for jointly through an ESPO framework agreement, as reported to the Capital Projects sub-committee, Minute 4 c) on 3rd June 2020.

Following the completion of this tender process, the contract was awarded to Sutcliffe Play at the Extraordinary meeting held on 23rd September 2020, Minute 38, for £175,000. The works at the Recreation Ground (renamed The Chadwick Play Area) were completed in December, and Day's Park in February 2021. The total cost of both projects was £177,698 and it is expected that some further drainage works will be undertaken in the 2021/22 financial year.

Electricity Boxes-Main Beach: The installation of electricity boxes to supply the Market traders in the Main Beach car park with a mains electricity supply was budgeted as a revenue expense with the budgeted costs being de minimus for capital expenditure. However, following the completion of the works, which were undertaken during surfacing repair works at the Main beach car park, the actual cost of £23,377 meant that this breached the de minimus level for capital expenditure. As such the project costs have been capitalised, with the costs being financed from the general fund.

IT Equipment: Following a procurement exercise, Council approved the purchase of new IT Equipment. This was installed in February 2020 and old equipment was disposed. The cost of £11,836 has been met from the Council's IT equipment earmarked reserve.

Capital Grants

The Council authorised payment of one capital grant of £100,000 during the year. This was issued to Dorset Council by way of the Council's contribution for the improvement works carried out on Institute Road. This was financed from the Community Infrastructure Levy (CIL) reserve.

Treasury Management

The Council has continued to contract Arlingclose as its treasury advisors and remains classified as a retail client, restricting the advice that can be given to a small extent.

The Council continues to maintain its objective of the security of capital over yield, within the parameters as set out in the Treasury Management Strategy Statement 2020/21 and upon advice given by Arlingclose. The Council has continued to maintain a diversified investment portfolio, given the size

of its balances, throughout the course of the 2020/21 financial year, utilising accounts with Lloyds Bank, Term Deposits with the UK Debt Management Office, Money Market Funds and pooled funds.

Short-term investment activity has been minimal during the year, with movements of cash equivalents being the main activity. As the impact of Covid-19 was felt by markets yields reduced to extremely low levels, and despite the potential for negative interest rates, this was not realised during the 2020/21 financial year. However, the DMADF deposit was invested at 0%, with a cautious approach being taken. An average yield of 0.01% was being realised at the end of the financial year on short-term investments.

With regards to long-term investments (strategic investments) the Council continued to maintain the units held in the CCLA LAMIT property fund, the Ninety-One (ex Investec) Diversified Income Fund and the M&G Strategic Corporate Bond Fund. In accordance with the *Practitioner's 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 £2.5m, £1m and £0.5m respectively. 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 these are £3,045,533, £965,700 and £503,174 at 31st March 2021, a total of £4,514,407, with unrealised gains of £514,407 overall.

In terms of income generation these funds have continued to perform well and above estimate, realising an annualised yield of 4.24%, 4.13% and 3.66% respectively, based upon market value rather than book value.

The net return on the Council's investments had been estimated at £185,000, with an actual outturn of £184,898 being realised at year end.

The Council's Annual Treasury Report 2020/21, which gives a more in-depth review, has been published separately. A summary of investments held at 31st March 2021 can be found on page 14.

Earmarked Reserves

The Council's Earmarked Reserves 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 and Balances Policy was reviewed during the course of the year, as part of the process for setting the Council's budgets for the 2021/22 financial year.

In 2020/21 a contribution of £42,467 was made from the general fund to various earmarked reserves. Conversely £245,483 of earmarked reserves were utilised to finance revenue expenditure. The majority of this financing was made from the deferred committed expenditure reserve which was established in 2019/20 due to the large number of projects that had not been completed at year end. At the end of 2020/21 this reserve held £86,450, being the budgeted cost of projects that were outstanding at 31st March 2021. If this expenditure is not met in 2021/22 the funds held in the reserve will be appropriated back to the general fund.

FINANCIAL REVIEW 2020/21

The Community Infrastructure Levy (CIL) Reserve also received contributions of £148,751. 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. During 2020/21, £100,000 of this reserve was utilised to finance a capital grant to Dorset Council for improvements made to Institute Road, as per Regulations. At the end of the 2020/21 financial year, £191,161 was held in the CIL reserve.

During the course of the year, capital expenditure totalling £197,698 (excluding CIL transactions) was financed from earmarked reserves with £20,000 financing the purchase of a vehicle and £177,698 financing the installation of play equipment at the Recreation Ground and Days Park play areas.

With an opening balance of £2,543,006 a net decrease in the year of £351,963 has resulted in a balance of £2,191,043 being held at 31st March 2021. The majority of these reserves have been established to fund the Council's future capital programme. The notable exception being the unspent committed expenditure reserve.

The Council's Usable Capital Receipts Reserve (UCRR) saw a reduction of £15,265 in the year with this expenditure financing capital projects. £3,012 was utilised to finance the completion of works on the public conveniences at North Beach car park, £7,500 part-financed the installation of seating at the Bandstand, £4,490 financed the works to date at Godlingston cemetery and £263 part-financed the purchase of the electric van. The Council carries forward a balance of £2,498,786 in its UCRR into the next financial year.

A summary of the Council's reserves can be found on pages 12 to 14.

3. Accounting Statements

The Annual Governance and Accountability Return Part 3

The statutory statement of account is presented as the Annual Governance and Accountability Return (AGAR) Part 3 (formerly known as the Annual Return), 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 nine statements where members give assurance that they have discharged their responsibilities in the proper governance of the body.

Section 2 – Accounting Statements

The accounting statements consist of a summary of the income and expenditure for the year, balances and reserves held by the council at year end, cash balances and short term investments, fixed assets and long term assets and total borrowings. This section standardises the presentation of the accounts into a simple and easily understandable format and must be certified by the Responsible Finance Officer.

Sections 1 & 2 must be approved by the Council in accordance with the requirements of the Accounts and Audit Regulation 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 2020/21 financial year and its position at 31st March 2021. The statement of account has been prepared following guidance given in *Governance and Accountability for Smaller Authorities in England: A Practitioners' Guide to Proper Practices March 2020 (England)*.

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

| The Annual Return - Income & Expenditure | | | | |
|---|-------------------------|--|------------------|-------------------------|
| 2019/20 | | | 2020/21 | |
| £ | £ | | £ | £ |
| | 1,622,749 | <i>Reserves & Balances brought forward - Box 1</i> | | 1,756,070 |
| | | Income | | |
| | 718,030 | <i>Precept - Box 2</i> | | 732,390 |
| 587,980 | | Rental, Interest & Investment Income | 482,441 | |
| 639,834 | | Charges made for Services | 547,306 | |
| 484,565 | | Other Income or Contributions | 366,304 | |
| 125,386 | | Capital Receipts/Investments/Capital Grants | <u>10,255</u> | |
| | 1,837,765 | <i>Total Other Receipts - Box 3</i> | | 1,406,306 |
| | | Expenditure | | |
| | | <i>Salaries and Wages</i> | | |
| (725,935) | | Direct Service Costs | (668,851) | |
| (211,338) | | Democratic, Management and Civic Costs | <u>(227,054)</u> | |
| | (937,273) | <i>Total Staff Costs - Box 4</i> | | (895,905) |
| | 0 | <i>Loan interest/capital repayments - Box 5</i> | | 0 |
| | | <i>Other Costs</i> | | |
| (827,310) | | Direct service costs | (927,961) | |
| (25,274) | | Grant and donations | (16,576) | |
| (186,533) | | Democratic, Management and Civic Costs | (199,809) | |
| (398,500) | | Capital Expenditure | (246,595) | |
| (47,584) | | Capital Grants | (100,000) | |
| 0 | | Long Term Investments | <u>0</u> | |
| | (1,485,201) | <i>Total Other Costs - Box 6</i> | | (1,490,941) |
| | <u><u>1,756,070</u></u> | <i>Reserves & Balances carried forward - Box 7</i> | | <u><u>1,507,920</u></u> |

| Bank Reconciliation for year ended 31st March 2021 | | | |
|---|----------------|-------------------------|------|
| | £ | £ | Note |
| Bank Accounts | | | |
| Current | 48,621 | | |
| Call Account | 464,352 | | |
| <i>add</i> | | | |
| outstanding receipts | 3,596 | | |
| <i>add</i> | | | |
| petty cash | <u>515</u> | | |
| Total Cash and Bank | | 517,084 | |
| Short Term Investments | | | |
| MMFs | 750,000 | | |
| Term Deposits | <u>450,000</u> | | |
| Total Short Term Investments | | 1,200,000 | 6 |
| Total Cash and Short Term Investments – Box 8 | | <u>1,717,084</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.

| 2019/20 £ | | Note | 2020/21 £ |
|--------------|--|------|--------------|
| 1,756,070 | Box 7 - Balances carried forward | | 1,507,920 |
| (139,853) | (-) Debtors | 1 | (166,613) |
| 283,607 | (+) Creditors | 2 | 375,777 |
| 1,899,824 | (=)Box 8 - Total cash and short term investments | | 1,717,084 |

Tangible Fixed Assets and Long Term Investments

Tangible fixed assets and long term assets are treated the same under the annual return. When they are purchased the cost is expensed through total other payments (Box 6) and when they are sold the proceeds of the sale are receipted through total other receipts (Box 3). The value of the sum of these assets is shown in Box 9 on the Annual Return.

FINANCIAL REVIEW 2020/21

| | Operational Assets | | | | Non-Operational Assets | | Total |
|--|--------------------|-----------------------------|-----------------|-----------|---------------------------|-----------------------|-------------------|
| | Land & Buildings | Vehicles, Plant & Equipment | Infra-structure | Community | Assets Under Construction | Investment Properties | |
| Tangible Fixed Assets- Cost or Valuation | £ | £ | £ | £ | £ | | £ |
| As at 1 April 2020 | 7,575,857 | 546,410 | 17,105 | 36,594 | 14,264 | 600,000 | 8,790,230 |
| Additions/Enhancements | 20,767 | 221,338 | 0 | 0 | 4,490 | 0 | 246,595 |
| Reclassifications | 14,264 | 0 | 0 | 0 | (14,264) | 0 | 0 |
| Valuation Adjustment | (5,576) | 0 | 0 | 0 | 0 | 0 | (5,576) |
| Disposals/ | 0 | (15,365) | 0 | 0 | 0 | 0 | (15,365) |
| As at 31 March 2021 | 7,605,312 | 752,383 | 17,105 | 36,594 | 4,490 | 600,000 | 9,015,884 |
| Long Term Investments- Cost | | | | | | | |
| As at 1 April 2020 | | | | | | | 4,000,000 |
| Additions | | | | | | | 0 |
| Redeemed | | | | | | | 0 |
| As at 31 March 2021 | | | | | | | 4,000,000 |
| Total Fixed Assets and Long Term Assets – Box 9 | | | | | | | 13,015,884 |

An adjustment of £5,576 has been made on the asset value of the Fishermen’s slipway following the reversal of a creditors provision for the retention fee held at 31st March 2020. The final costs of this project were less than the provision necessitating an adjustment.

Long Term Borrowing

| 2019/20 | | 2020/21 |
|----------|---|----------|
| £ | Analysis of Loans - PWLB | £ |
| 0 | Balance brought forward | 0 |
| 0 | Principal paid in year (<i>Box 5</i>) | 0 |
| <u>0</u> | Total Outstanding – Box 10 | <u>0</u> |

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

Notes

1. Debtors

| 2019/20 | | 2020/21 |
|----------------|------------------------------------|----------------|
| £ | Amounts falling due in one year :- | £ |
| 14,027 | HMRC-VAT | 38,377 |
| 88,004 | Sundry Debtors | 98,202 |
| (16,800) | Provision for Bad/Doubtful Debtors | (10,000) |
| 47,774 | Payments in Advance | 32,893 |
| 6,848 | Stock | 7,141 |
| <u>139,853</u> | Total | <u>166,613</u> |

FINANCIAL REVIEW 2020/21

The debtors total includes £14,034 relating to an anticipated rebate of NNDR on public conveniences paid during 2020/21.

Due to the uncertainty surrounding the Covid-19 pandemic, the provision for bad/doubtful debtors was increased at the end of 2019/20. In reviewing the level at the end of the financial year, this provision was decreased due to lower levels of aged debts that were deemed doubtful at 31st March 2021.

2. Creditors

| 2019/20 | | 2020/21 |
|----------------|---------------------|----------------|
| £ | | £ |
| 154,423 | Sundry Creditors | 244,362 |
| 129,184 | Receipts in Advance | 131,415 |
| <u>283,607</u> | | <u>375,777</u> |

The value of creditors in 2020/21 includes a sizeable provision of £145k for the payment of works carried out on the car parks and as such is significantly higher than in 2019/20.

| Movement of Reserves | | | | |
|---------------------------------|-------------------------|-------------------------|--------------------------|------|
| | Balance 1 April 2020 | Net movement in year | Balance 31 March 2021 | Note |
| | £ | £ | £ | |
| General Fund | 699,013 | 119,079 | 818,092 | 3 |
| Earmarked Reserves | 2,543,006 | (351,963) | 2,191,043 | 4 |
| Usable Capital Receipts Reserve | 2,514,051 | (15,265) | 2,498,786 | 5 |
| Total | <u>5,756,070</u> | <u>(248,149)</u> | <u>5,507,921</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 £4m long term investments that the council holds in pooled funds. Following the *Practitioner's 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

| 2019/20 | | 2020/21 |
|-----------|--|----------|
| £ | | £ |
| 900,000 | General Fund Balance brought forward | 699,013 |
| 454,018 | Net Surplus or (Deficit) for Year | 88,191 |
| (78,471) | Financing Capital Expenditure | (23,377) |
| (576,534) | Transfers (to)/from Earmarked Reserves | 54,265 |
| 699,013 | General Fund Balance carried forward | 818,092 |

The general fund balance is the Council’s “working balance” and states the cumulative surplus (or deficit) on the Council’s income and expenditure account. The Council has seen an increase of £119,079 on the general fund in the year, comprising of a net surplus of £88,191 for the year, less the financing of capital expenditure of £23,377 and a net transfer from the general fund to earmarked reserves of £54,265.

4. Earmarked Reserves

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

| Earmarked Reserves | Balance 31/03/2020 £ | Additions to Reserve £ | Cap Ex f'd from reserves £ | Rev Ex f'd from Reserve £ | Balance 31/03/2021 £ |
|-------------------------------------|----------------------------|------------------------------|-------------------------------------|------------------------------------|----------------------------|
| Vehicle & Plant Replacement | 20,000 | 0 | (20,000) | 0 | 0 |
| King Georges Play Area & Skate Park | 83,017 | 10,000 | 0 | 0 | 93,017 |
| Play Equipment-General Areas | 188,904 | 0 | (177,698) | 0 | 11,206 |
| Car Park Machines | 19,248 | 7,500 | 0 | 0 | 26,748 |
| Tennis Courts Refurbishment | 0 | 4967 | 0 | 0 | 4,967 |
| Seafront Enhancement Scheme | 1,134,557 | 0 | 0 | 0 | 1,134,557 |
| Community Sea Defence Project | 450,000 | 0 | 0 | 0 | 450,000 |
| Public Conveniences | 40,000 | 10,000 | 0 | 0 | 50,000 |
| Beach Huts Reserve | 45,000 | 10,000 | 0 | 0 | 55,000 |
| Football Club Facilities | 6,958 | 0 | 0 | 0 | 6,958 |
| De Moulham Back Roads | 33,248 | 0 | 0 | (5,433) | 27,815 |
| Insurance & Contingency Reserve | 40,000 | 0 | 0 | 0 | 40,000 |
| Community Infrastructure Levy | 142,410 | 148,751 | (100,000) | 0 | 191,161 |
| FJ Grace Trust | 0 | 0 | 0 | 0 | 0 |
| IT Equipment Reserves | 13,164 | 0 | 0 | 0 | 13,164 |
| Committed Expenditure Deferred | 326,500 | 0 | 0 | (240,050) | 86,450 |
| Total | 2,543,006 | 191,218 | (297,698) | (245,483) | 2,191,043 |

During the year a contribution of £191,218 was made to earmarked reserves from the General Fund, while £245,483 of revenue expenditure was financed from reserves, a net appropriation of £54,265. A further £297,698 of reserves was utilised to finance capital expenditure. This has resulted in a net decrease of £351,963 in Earmarked Reserves.

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 £15,265 during the course of the year to finance capital expenditure. No capital receipts were received, resulting in a balance of £2,498,786 being held at the end of the year.

| 2019/20 £ | | 2020/21 £ |
|------------------|--|------------------|
| 2,659,659 | Balance brought forward | 2,514,051 |
| 0 | Capital receipts | 0 |
| | Less: | |
| (98,024) | Capital receipts used for financing Assets | (15,265) |
| (47,584) | Capital Grants | 0 |
| <u>2,514,051</u> | Balance carried forward | <u>2,498,786</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 Bank-Call Account | £464,352 | n/a | 0.01% |
| Lloyds Current Account | £48,621 | n/a | 0.00% |
| UK Government-DMADF | £450,000 | 17/05/2021 | 0.00% |
| Aberdeen Standard Money Market Fund | £500,000 | n/a | v |
| CCLA-Public Sector Deposit Fund | £250,000 | n/a | v |
| Total Short Term Investments–(incl. in Box 8) | £1,712,973 | | |
| CCLA-LAMIT Property Fund | £2,500,000 | n/a | 4.34% |
| M & G Strategic Corporate Bond Fund | £500,000 | n/a | 3.20% |
| Ninety One - Diversified Income Fund | £1,000,000 | n/a | 4.11% |
| Total Long Term Investments–(incl. in Box 9) | £4,000,000 | | |
| Total Investments held @ 31st March 2019 | £5,712,973 | | |

The Council held four short term investments at 31st March 2021. It held two investments in Money Market Funds, one with the CCLA Public Sector Deposit Fund (a qualifying MMF) and one with Aberdeen Standard. The Council also had one Fixed Term Deposit with the UK Government, Debt

Management Office. The investments held with the MMFs have a variable rate of return, whilst the term deposit has interest rates of 0%. A further £464k was held in a Lloyds commercial call account, with £48k held in the Council’s current account. All short-term investments return the capital sum invested plus interest.

The Council continued to maintain its units held in the CCLA LAMIT property fund, the M&G Strategic Corporate Bond Fund and the Ninety-One (formerly Investec) Diversified Income Fund valued at £2.5m, £0.5m and £1m respectively in the Annual Return. This £4m is included in Box 9 on the Annual Return.

7. Trust Funds – Box 11

The Council acts as Corporate Trustee for three Charitable Trusts. The Income & Expenditure for the year to 31st March 2021 for these trusts is:

| | Income £ | Expenditure £ | Net Gain/(Loss) £ |
|--|-------------|------------------|-------------------------|
| De Moulham Trust <i>Established in 1990 as a gift of land and holding of Trust land covenants</i> | 0 | (900) | (900) |
| James Day Trust (Day’s Park) <i>Gift of pleasure grounds</i> | 0 | 0 | 0 |
| King George’s Field <i>Deed of dedication entered into 5th May 1951</i> | 0 | 0 | 0 |

Charitable Funds held by Trusts:

| | Balance 1 April 2020 £ | Net Contributions to/(from) Fund £ | Balance 31 March 2021 £ |
|------------------|------------------------------|--|-------------------------------|
| De Moulham Trust | 28,933 | (900) | 28,033 |
| James Day Trust | 0 | 0 | 0 |

The status of the James Day Trust is currently under review by the Council, with no activity to report. No funds are held by the James Day Trust, registered as Gift of Public Pleasure Grounds and the Council does not hold any funds relating to the Trust in its bank account. Discussion is underway with regards to Lloyds Bank (Private Banking) retiring as the Trustee of the overarching James Day Will Trust from which income and expenditure has previously been transacted. At 31st March 2021, £73.09 was held in the James Day Will Trust income account administered by Lloyds Bank (Private Banking).

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.

FINANCIAL REVIEW 2020/21

Following an Actuarial Valuation by the scheme’s fund actuary, Barnett Waddingham, the rate payable for the three financial years 2019/20 to 2021/22 has been set at 22% of pensionable pay. In 2020/21 the Council paid an employer’s contribution of £141,148 into the Dorset County Council superannuation fund (a total of £147,057 in 2019/20). 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 2020/21 these amounted to £2,458 (£2,377 in 2019/20).

9. Grants & Donations

The following grants and donations were issued during the 2020/21 financial year.

| Grants & Donations | | |
|--|-------|----------------|
| <i>General Power of Competence, Localism Act, 2011</i> | | |
| | £ | £ |
| <i>Revenue Grants</i> | | |
| S.Town & Herston Football Club (Vodafone) | 3,950 | |
| DCC – Swanage First School Crossing Patrol | 3,676 | |
| Swanage & Purbeck Development Trust-Trevor Chadwick Memorial | 1,200 | |
| #Willdoes | 2,000 | |
| Purbeck Citizens Advice Bureau | 1,000 | |
| 2185 (Wareham & Swanage) Air Training Corps | 500 | |
| Life Education Wessex | 550 | |
| Link Visiting Swanage | 1,000 | |
| Purbeck Coast FM Community Radio Station | 2,000 | |
| Purbeck Art Weeks | 500 | |
| Rotary Club of Swanage & Purbeck | 200 | 16,576 |
| <i>Capital Grants</i> | | |
| Dorset Council-Institute Road Improvements | | 100,000 |
| Total | | 116,576 |

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, PKF Littlejohn LLP were appointed by SAAA as the external auditor for the Council for a period of 5 years from 2017/18.

| 2019/20 | | 2020/21 |
|----------------|--|----------------|
| £ | | £ |
| 2,400 | Fees payable to the external auditor appointed by the SAAA | 2,400 |
| 0 | Adjustment on previous years audit fees | 0 |
| <u>2,400</u> | | <u>2,400</u> |

11. Items for Consideration

Any events after the year end, 31st March 2021, have been considered up to the date of the Annual Return, 24th May 2021. There are no items to report which may have an effect upon the Annual Return.