

# SWANAGE TOWN COUNCIL



## Financial Review Year Ended 31<sup>st</sup> March 2023

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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	Net Expenditure	Budgeted Net Expenditure	Variance Year to Date
Car Parks	(511,874)	(425,675)	(86,199)
Boat Park	(30,268)	(10,230)	(20,038)
Public Conveniences	139,400	135,625	3,775
Cemeteries	(4,141)	(1,100)	(3,041)
Parks and Operations (incl CCTV)	694,502	642,590	51,912
Beach Gardens	3,240	10,970	(7,730)
Beaches/Foreshore	79,958	86,105	(6,147)
Beach Chalets/Bungalows	(118,964)	(121,900)	2,936
Publicity/Tourism	221,181	215,595	5,586
Allotments	(7,669)	(6,340)	(1,329)
General Buildings/Misc Areas	(54,941)	(71,350)	16,409
Central services to the public:	380,045	426,920	(46,875)
Democratic & Corporate Management	123,819	107,800	16,019
Grants & Donations	24,480	21,700	2,780
<b>Net Cost of Services</b>	938,768	1,010,710	(71,942)
Interest payable and similar charges	4,269	4,400	(131)
Interest and investment income	(208,002)	(140,000)	(68,002)
<b>Net Operating expenditure</b>	735,035	875,110	(140,075)
Other Movements on the General Fund	238,498	37,000	201,498
<b>Amount to be financed:</b>	973,533	912,110	61,423
<b>Financed by:</b>			
Grants/Donations	(22,000)	(3,000)	(19,000)
Community Infrastructure Levy	(118,460)	0	(118,460)
Precept on Dorset Council	(840,000)	(840,000)	0
<b>Total Financing:</b>	(980,460)	(843,000)	(137,460)
<b>(Surplus)/Deficit for the Period</b>	(6,928)	69,110	(76,038)

## FINANCIAL REVIEW 2022/23

During 2022/23 the net expenditure on Town Council services, taking into account all revenue income and expenditure, was £735,035, this being £140,075 less than budgeted. The Council received a total of £840,000 in Precept, together with grants, donations and other contributions of £140,460. It also contributed a net sum of £238,498 to its earmarked reserves to fund specific projects. Overall, this resulted in a surplus on the General Fund for the year of £6,928.

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 significantly exceeded budget, bringing in £95,000 more than anticipated. This constitutes the Council's largest variance against budget. In January 2022, a relatively cautious approach was taken to budget setting given the uncertainty around how visitors would react once travel abroad fully re-opened post-pandemic. Although parking income in 2022/23 was £22,000 less than in the previous financial year, the number of users of the council's car parks remained significantly higher than in 2019, no doubt assisted by the exceptionally warm and dry summer weather.

Income from the Council's investments also significantly exceeded budget, due both to the deferral of capital expenditure and the sharp increase in interest rates that has occurred since budget setting in January 2022. This is analysed further below in the Treasury Management section of this review. Due to a change in accounting guidance, this figure now includes the interest received for the fourth quarter of 2021/22 and the first three quarters of 2022/23.

The impact of increased visitor numbers to the town continued to be seen across most of the Council's sources of seasonal income. Beach hut income increased year-on-year, although only the Spa significantly exceeded budget. Income was also higher than budgeted from the Boat Park, an underspend due to the deferral of works from the repairs and maintenance budget contributing to a significant positive variance. At Beach Gardens income showed little change year-on-year and was marginally below budget. However, changes to the regulations in respect of VAT on leisure services has led to income being £15,000 over budget and a significantly reduced net cost of the service has been realised at year-end.

At the Tourist Information Centre, income was marginally above budget due to higher stock sales, but a number of relatively small overspends offset this, resulting in a small negative variance on budget. In respect of the beaches and foreshore budget, significantly higher costs of seaweed clearance were offset by underspends on other headings.

Parks and Operations is the Council's largest budget, and produced the second largest variance of £51,912 (8.1 per cent). This is largely the result of three projects: professional fees in connection with the planned stabilisation of Sandpit Field and the Weather Station/Spa; stabilisation of the access road to the football ground at Day's Park as a result of it being undermined by badger ingress; and the resurfacing of the skate park at King George's Field.

In relation to community facilities, an increase in the costs of the Council's contract cleaning service for the public conveniences was offset by an underspend in repairs and maintenance. In respect of the Council's cemeteries and allotments there were small positive variances against budget.

## FINANCIAL REVIEW 2022/23

The variance in relation to the General Buildings/Downs and Miscellaneous Grounds budget is related to work on three projects: the installation of notice boards on the Downs explaining its designation as a Local Nature Reserve (carried over from 21/22) and professional fees in connection with the planning of improvement works to Peveril Point Road and Station Approach.

Central Services costs were under budget, by approximately £47,000, largely due to lower staff costs and small underspends in areas such as legal and professional fees and computer services. Democratic Representation and Management costs were over budget, in part due to £12,000 being paid in-year to fund work on the development of a Seafront Masterplan.

The combination of higher than anticipated income and underspends across a number of budgets has facilitated a higher than budgeted net contribution to earmarked reserves (see section on earmarked reserves below). Once this is accounted for there is a surplus on the General Fund for the year of £6,928, compared to an anticipated annual deficit of £69,110 at budget setting. The overall outcome at 31<sup>st</sup> March 2023 is a General Fund Balance of £865,558, leaving the Council well-placed to withstand further financial uncertainty in the months ahead as inflation continues to bring pressure to bear on Council budgets. This robust financial position will also aid delivery of the agreed Corporate Plan.

### 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 2022/23 financial year and how this was financed.

*Table 1: Capital expenditure and source of financing 2022/23*

	Funded from Capital Receipts £	Funded from Earmarked Reserves £	Funded from General Fund £	External Funding £	Total Cost £
<b>Land &amp; Buildings</b>					
Godlingston Cemetery Extension	6,879	-	-	-	<b>6,879</b>
Tennis Court 3 -Resurfacing	-	6,000	-	26,374	<b>32,374</b>
*Days Park Pathway & Lighting- WIP	-	24,492	-	-	<b>24,492</b>
Cow Lane/Panorama Rd Upgrade	20,695	-	-	-	<b>20,695</b>
<b>Vehicles, Plant &amp; Equipment</b>					
John Deere Utility Tractor	30,750	-	-	-	<b>30,750</b>
Trimax Snake s2 320 Mower	5,700	10,000	8,750	-	<b>24,450</b>
King Georges Play Area	-	42,490	-	-	<b>42,490</b>
Pay & Display Machines	-	-	20,917	-	<b>20,917</b>
<b>TOTAL</b>	<b>64,024</b>	<b>82,982</b>	<b>29,667</b>	<b>26,374</b>	<b>203,047</b>

\* Excluded from Fixed Asset Register/Box 9

***Land & Buildings***

**Godlingston Cemetery Extension:** The majority of works for the cemetery extension were completed in 2021/22, with completion works carried out in the 2022/23 financial year. Costs incurred in year totalled £6,879, bringing total project costs to £237,224, financed from the UCRR.

**Tennis Court Resurfacing:** Council awarded the contract to resurface court 3 at Beach Gardens to ETC Sport Surfaces Ltd for a sum of £30,990 in March 2022. It was agreed that Swanage Tennis Club would fund £24,990 of these costs, with the Council contributing £6,000 from its Community Infrastructure Levy (CIL) Reserve. It was further agreed that this contribution would be underwritten by the Tennis Club for a period of 5 years from the completion date, July 2022. The actual cost of the project was £32,374, with the additional sum of £1,384 being met by the Tennis Club, a total contribution of £26,374.

**Days Park Footpath and Lighting Installation:** Initially approved with a budget of £120,000, the project was reconsidered in year and split into two phases. The first phase has a revised budget of £70,000 for the installation of lighting along a pathway. This project has been delayed due to inclement weather, with the lighting having been purchased but yet to be installed. Costs of £24,492 have been incurred in year and met from the CIL reserve.

**Cow Lane – Upgrade:** Works to upgrade the southern section of Cow Lane were undertaken in the year, £20,695, funded from UCRR, in order to facilitate its adoption by Dorset Council. The adoption is still outstanding and will be in combination with another stretch of road, the northernmost section of Panorama Road, where upgrading works are still to be carried out.

***Vehicles, Plant and Equipment***

**Tractor:** Following a tender process, Council approved the purchase of a John Deere 4066m tractor at a cost of £30,750 being financed from UCRR. This was delivered in November 2022.

**Trimax s2 320 mower:** Further to the purchase of a tractor, Council also approved an addition to the capital programme for the purchase of a mower, in order to streamline work processes at a cost of £24,450. This was funded from EMR (£10,000), funds received through the general fund from the disposal of equipment (£8,750) and from the UCRR (£5,700).

**King George's Play Area:** The tender for this project was awarded to Sutcliffe Play in January 2022 for £87,995, with works commencing in February 2022. The works were delayed, and additional costs incurred, resulting in the project being carried over to 2022/23. Works were completed in May 2022 at a total cost of £95,920, with costs of £53,530 being paid in 2021/22 (including £50,000 from a COMF grant) and £42,490 in 2022/23 from EMR.

**Pay & Display Machines:** An addition to the capital programme, Council approved the purchase of 4 Flowbird C5 Solar Powered Pay & Display Machines, procured through ESPO framework 509 Lot 1, in December 2022. The machines were installed in March 2023 at a total cost of £20,917 financed from the General Fund.

## 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 and investments that can be made to some 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 2022/23 and upon advice given by Arlingclose. The Council has continued to maintain a relatively diverse investment portfolio, given the size of its balances, throughout the course of the 2022/23 financial year, utilising accounts with Lloyds Bank, the UK Government, with both term deposits and Gilts, Money Market Funds, CDs and pooled funds.

Short-term investment activity, as defined in the Practitioners' Guide, has been minimal during the year. The Bank of England increased the official Bank Rate to 4.25% in March 2023, from 0.75% in March 2022. This has resulted in higher returns from short-term investments than originally estimated, with £17,068 received in 2022/23, compared to £695 in 2021/22 for the same investment vehicles.

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 £2.5m, £1m and £0.5m respectively.

In terms of income generation, the pooled funds have continued to perform well, realising an annualised yield of 3.62%, 3.59% and 4.01% respectively (3.69% overall), based upon market value rather than book value.

In addition to these investments, during the course of the year the Council also held investments with the UK Government, UK Gilts, and Certificates of Deposit with Santander and Yorkshire Building Society. Although these investments are intended to be held in the short term (less than 1 year) they are classified as long-term investments for the purposes of the AGAR in accordance with the Practitioners' Guide. The purchase and redemption of these investments is also classed as income and expenditure rather than a movement of cash and are recognised as such in Boxes 3 and 6 of the AGAR. The movement of these investments has resulted in income of £1.84m and expenditure of £2.38m being included in Box 3 and Box 6 of the AGAR respectively. At year-end, £493k and £500k were held for a UK Gilt and YBS CD respectively. The total of long-term investments, £4.99m, is included in Box 9 on the Annual Return.

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 five long-term investments held by the Council total £5.27m with unrealised gains of £284k overall.

The net return on the Council's investments had been estimated at £140,000, with an actual outturn of £208,002 being realised at year end.

The Council's Annual Treasury Report 2022/23, which gives a more in-depth review, has been published separately. A summary of investments held at 31<sup>st</sup> March 2023 can be found on page 15.

### **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 2023/24 financial year.

In 2022/23 a contribution of £309,888 was made from the general fund to various earmarked reserves. Conversely £101,058 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.

On 1<sup>st</sup> April 2022 this reserve held £94,100, being the budget allocated for a number of projects brought forward from 2021/22 with £61,668 of this was budget actually spent in the year. At 31<sup>st</sup> March 2023 this reserve held £45,305, being the total of budgets allocated to projects deferred to 2023/24. This has resulted in a net movement of £48,795 to the general fund. If this expenditure is not met in 2023/24 the funds held in the reserve will be appropriated back to the general fund.

The Community Infrastructure Levy (CIL) Reserve received contributions of £118,460 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. During 2022/23, £6,000 of this reserve was utilised to finance the installation of an astroturf surface on tennis court 3 at Beach Gardens and £24,942 financed the purchase of lighting for pathway improvements at Day's Park, as per Regulations. At the end of the 2022/23 financial year, £260,669 was held in the CIL reserve.

During the course of the year, capital expenditure totalling £52,490 (excluding CIL transactions) was financed from earmarked reserves with £10,000 part-financing the purchase of the Trimax mower and £42,490 financing the installation of play equipment at the King George's play area.

With an opening balance of £2,462,759 a net increase in the year of £125,848 has resulted in a balance of £2,588,607 being held at 31<sup>st</sup> March 2023. The majority of earmarked 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 £64,024 in the year with this expenditure financing capital projects. £6,879 was utilised to finance the Godlingston cemetery extension and £20,695 financed the upgrade of Cow Lane to highway standards, £30,750 financed the purchase of the John Deere Tractor and £5,700 contributed to the purchase of the Trimax Snake Mower. The Council carries forward a balance of £2,192,260 in its UCRR into the next financial year.

A summary of the Council's reserves can be found on pages 13 to 14.

### **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 (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 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 2022/23 financial year and its position at 31<sup>st</sup> March 2023. 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 2022 (England)*.

**Financial Statements - Restatement of 2021/22 following a change in recognition of interest from long-term investments and Assets Under Construction**

The 2022 edition of the Practitioners’ Guide (the guide) issued by the Joint Panel on Accountability and Governance (JPAG) applied in respect of financial years commencing on 1 April 2022 included changes in the recognition of interest received from long-term investments and of assets under construction.

Section 5.181 states: Dividend or interest received should be included in line 3 once received into the bank account or added to the value in line 9 if reinvested.

This has meant that the interest received from the Council’s long-term investments, as defined by the guide, cannot be recognised in the accounts until it has been received into the Council’s bank account i.e., on a cash basis.

Section 5.59 states: Assets that are either under construction or have not been brought into use should be included on the asset register only once complete and they benefit the community.

This has meant that any assets under construction will be excluded from the Financial Statements, Box 9.

These changes to the guide have necessitated a restatement of the 2021/22 financial statements (AGAR Form 3), as comparative figures must be stated on the same basis.

The changes made to the 2021/22 financial statements are:

The removal of provisions relating to interest on long-term investments and adjustments to income received in the year, and the removal of the value of assets under construction:

- Box 1 – balances brought forward reduced by £39,851 (provision held at 31 March 2022)
- Box 3 – total other receipts increased by £1,905
- Box 7 – balances carried forward reduced by £37,946
- Box 9 -total fixed assets and long-term assets – removal of value of assets under construction £283,775

**Summary of changes to the AGAR Section 2 - Accounting Statements 2021/22**

		31st March 2022 £	De-accrue March LTI investment interest	Remove Work In Progress	31st March 2022 Restated £
1	Balance brought forward	1,507,920	(39,851)		1,468,069
3	(+) Total other receipts	1,700,154	1,905		1,702,059
7	(=) Balances carried forward	1,163,510	( 37,946)		1,125,564
9	Total fixed assets and long-term assets	13,639,265		(283,775)	13,355,490

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

<b>The Annual Return - Income &amp; Expenditure</b>				
<b>2021/22</b>			<b>2022/23</b>	
<b>Restated</b>				
£	£		£	£
	1,468,069	<i>Reserves &amp; Balances brought forward - Box 1</i>		1,125,564
		<b>Income</b>		
	747,040	<i>Precept - Box 2</i>		840,000
568,056		Rental, Interest & Investment Income	647,279	
824,827		Charges made for Services	825,856	
255,238		Other Income or Contributions	360,821	
53,938		Capital Contributions/Investments	1,874,516	
	1,702,059	<i>Total Other Receipts - Box 3</i>		3,708,472
		<b>Expenditure</b>		
		<i>Salaries and Wages</i>		
(699,062)		Direct Service Costs	(802,670)	
(219,648)		Democratic, Management and Civic Costs	(271,857)	
	(918,710)	<i>Total Staff Costs - Box 4</i>		(1,074,527)
	0	<i>Loan interest/capital repayments - Box 5</i>		0
		<i>Other Costs</i>		
(828,068)		Direct service costs	(1,073,723)	
(13,744)		Grant and donations	(24,480)	
(203,004)		Democratic, Management and Civic Costs	(255,800)	
(305,732)		Capital Expenditure	(203,047)	
(66,300)		Capital Grants	0	
(456,046)		Long Term Investments	(2,389,559)	
	(1,872,894)	<i>Total Other Costs - Box 6</i>		(3,946,609)
	<u>1,125,564</u>	<i>Reserves &amp; Balances carried forward - Box 7</i>		<u>652,900</u>

<b>Bank Reconciliation for year ended 31st March 2023</b>			
	£	£	Note
<b>Bank Accounts</b>			
Current	14,256		
Call Account	63,344		
<i>add</i>			
outstanding receipts	4,182		
<i>add</i>			
petty cash	<u>645</u>		
Total Cash and Bank		82,427	
<b>Short Term Investments</b>			
CCLA-Public Sector Deposit Fund	250,000		
MMF-Abrdn	<u>500,000</u>		
Total Short Term Investments		750,000	6
<b>Total Cash and Short Term Investments – Box 8</b>		<b><u>832,427</u></b>	

### 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.

2021/22 Restated £		Note	2022/23 £
1,125,564	Box 7 - Balances carried forward		652,900
(130,384)	(-) Debtors	1	(197,250)
293,223	(+) Creditors	2	376,777
1,288,403	(=)Box 8 - Total cash and short-term investments		832,427

### 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 2022/23

A revision to the Practitioners' Guide for the year commencing 1<sup>st</sup> April 2022 has meant that the prior year has been restated. The change is that any asset under construction should only be brought into the asset register once complete, rather than noted as under construction. For the 2021/22 financial year, two assets were classified as under construction and in 2022/23 one asset has this classification. This means that the additions to the fixed asset register do not balance with the capital expenditure detailed on page 3, with assets under construction being omitted from Box 9. Capital expenditure in 2022/23 was £203,047. The addition of £462,330 shown below is the result of adding capital expenditure of £283,775 incurred in 2021/22 to the Asset Register in 2022/23, less £24,492 of capital expenditure incurred in 2022/23 but held as an asset under construction at year end.

	<b>Operational Assets</b>				<b><u>Non-Operational Assets</u></b>	Total
	Land & Buildings	Vehicles, Plant & Equipment	Infra-structure	Community	Investment Properties	
<b>Tangible Fixed Assets- Cost or Valuation</b>	£	£	£	£		£
As at 31 March 2022 <b>restated</b>	7,605,312	644,369	17,105	36,596	600,000	8,903,382
Additions/Enhancements	53,069	172,037	0	237,224	0	462,330
Reclassifications	0	0	0	0	0	0
Gifted Assets	1	0	0	1	0	2
Disposals	(3,616)	(97,377)	0	0	0	(100,993)
As at 31 March 2023	7,654,766	719,029	17,105	273,821	600,000	9,264,721
<b>Long Term Investments- Cost</b>						
As at 31 March 2022						4,452,108
Additions						2,389,559
Redeemed						(1,848,142)
As at 31 March 2023						4,993,525
<b>Total Fixed Assets and Long Term Assets – Box 9</b>						<b>14,258,246</b>

The addition and redemption of long-term investments is a result of the classification of investments which, although held for the short-term, do not meet the Practitioners' Guides of a short-term investment and so, by default, are classified as long-term investments for the purposes of the AGAR.

### Long Term Borrowing

2021/22 £	Analysis of Loans - PWLB	2022/23 £
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**

<b>2021/22</b>		<b>2022/23</b>
<b>Restated</b>		
<b>£</b>	<b>Amounts falling due in one year :-</b>	<b>£</b>
15,865	HMRC-VAT	51,617
69,786	Sundry Debtors	119,245
(15,000)	Provision for Bad/Doubtful Debtors	(35,000)
51,319	Payments in Advance	55,288
8,414	Stock	6,100
<u>130,384</u>	<b>Total</b>	<u>197,250</u>

Following a change in the Practitioners' Guide regarding the recognition of interest due from long-term investments, the 2021/22 sundry debtor total has been restated to remove the provision of £37,946 for interest due.

The increase in sundry debtors is largely due to an increase in the level of arrears for rent due, at the end of the year. These were reviewed at the end of the financial year and the provision for bad/doubtful debtors was increased by £20,000, to £35,000 accordingly. The amount owed from HMRC for VAT includes provision for £17,210, being a claim for VAT on leisure services.

**2. Creditors**

<b>2021/22</b>		<b>2022/23</b>
<b>£</b>		<b>£</b>
113,860	Sundry Creditors	182,296
179,363	Receipts in Advance	194,481
<u>293,223</u>		<u>376,777</u>

The increase in the value of sundry creditors at the end of the year is due to the outstanding payment of invoices for repairs and maintenance at 31<sup>st</sup> March. The increase in monies received in advance of the next financial year mainly relates to prepaid Beach Hut rentals.

<b>Movement of Reserves</b>				
	Balance 31 March 2022 *Restated £	Net movement in year £	Balance 31 March 2023 £	Note
General Fund	*858,630	6,928	865,558	3
Earmarked Reserves	2,462,759	125,848	2,588,607	4
Usable Capital Receipts Reserve	2,256,284	(64,024)	2,192,260	5
<b>Total</b>	<b>*5,577,673</b>	<b>68,752</b>	<b>5,646,425</b>	

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 £4.99m long-term investments that the council holds in Gilts and pooled funds. 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

<b>2021/22</b> <b>Restated</b> £		<b>2022/23</b> £
818,092	General Fund Balance brought forward	858,630
429,731	Net Surplus or (Deficit) for Year	245,425
0	Financing Capital Expenditure	(29,667)
(351,246)	Transfers (to)/from Earmarked Reserves	(208,830)
<u>858,630</u>	General Fund Balance carried forward	<u>865,558</u>

The general fund balance is the Council’s “working balance” and states the cumulative surplus (or deficit) on the Council’s income and expenditure account. The Council has seen an increase of £6,928 on the general fund in the year, comprising of a net surplus of £245,425 for the year, less a net transfer from the general fund to earmarked reserves of £208,830 and the financing of capital expenditure of £29,667.

### 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.

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Earmarked Reserves	Balance 31/03/2022 £	Additions to Reserve £	Cap Ex f'd from reserves £	Rev Ex f'd from Reserve £	Balance 31/03/2023 £
Vehicle & Plant Replacement	10,000	10,000	(10,000)	0	10,000
King Georges Play Area & Skate Park	89,587	10,000	(42,490)	0	57,097
Play Equipment-General Areas	11,406	10,000	0	0	21,406
Car Park Machines	34,248	5,000	0	0	39,248
Tennis Courts Refurbishment	9,632	2,680	0	0	12,312
Seafront Enhancement Scheme	1,334,557	60,000	0	0	1,394,557
Community Sea Defence Project	450,000	0	0	0	450,000
Public Conveniences	100,000	15,000	0	0	115,000
Beach Huts Reserve	65,000	10,000	0	0	75,000
Football Club Facilities	6,958	4,443	0	(6,958)	4,443
De Moulham Back Roads	21,406	2,000	0	0	23,406
Insurance & Contingency Reserve	40,000	0	0	0	40,000
Community Infrastructure Levy	172,701	118,460	(30,492)	0	260,669
IT Equipment Reserves	18,164	5,000	0	0	23,164
Environmental Projects	5,000	12,000	0	0	17,000
Committed expenditure deferred	94,100	45,305	0	(94,100)	45,305
<b>Total</b>	<b>2,462,759</b>	<b>309,888</b>	<b>(82,982)</b>	<b>(101,058)</b>	<b>2,588,607</b>

During the year a contribution of £309,888 was made to earmarked reserves from the General Fund, while £101,058 of revenue expenditure was financed from reserves, a net appropriation of £208,830. A further £82,982 of reserves was utilised to finance capital expenditure. This has resulted in a net increase of £125,848 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 £64,024 during the course of the year to finance capital expenditure. No capital receipts were received, resulting in a balance of £2,192,260 being held at the end of the year.

2021/22 £		2022/23 £
2,498,786	Balance brought forward	2,256,284
0	Capital receipts	0
	Less:	
(242,502)	Capital receipts used for financing Assets	(64,024)
0	Capital Grants	0
<u>2,256,284</u>	Balance carried forward	<u>2,192,260</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	£63,344	n/a	0.70%
Lloyds Current Account	£14,256	n/a	0.00%
Abrdn Money Market Fund	£500,000	n/a	3.98%
CCLA-Public Sector Deposit Fund	£250,000	n/a	4.11%
<b>Total Short Term Investments–(incl. in Box 8)</b>	<b>£827,600</b>		
CCLA-LAMIT Property Fund	£2,500,000	n/a	3.62%
M & G Strategic Corporate Bond Fund	£500,000	n/a	3.59%
Ninety One - Diversified Income Fund	£1,000,000	n/a	4.01%
Yorkshire Building Society CD	£500,050	15/06/2023	3.93%
UK Government - UK Gilt	£493,475	22/07/2023	3.59%
<b>Total Long Term Investments–(incl. in Box 9)</b>	<b>£4,993,525</b>		
<b>Total Investments held @ 31<sup>st</sup> March 2023</b>	<b>£5,821,125</b>		

The Council held four short term investments at 31<sup>st</sup> March 2023. It held two investments in Money Market Funds, one with the CCLA Public Sector Deposit Fund (a qualifying MMF) and one with Aberdeen Standard Investments (Abrdn). The investments held with the MMFs have a variable rate of return. A further £63k was held in a Lloyds commercial call account, with £14k 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 Diversified Income Fund valued at £2.5m, £0.5m and £1m respectively in the Annual Return. The Council held investments in UK Gilts and a Yorkshire Building Society CD at the end of the year. Although both of these investments are intended to be held in the short term (less than 1 year) they are classified as a long-term investment for the purposes of the AGAR in accordance with the Practitioner's Guide, with £493k and £500k being held respectively at year end. The total of long -term investments, £4.99m is included in Box 9 on the Annual Return.

## 7. Trust Funds – Box 11

The Council acts as Corporate Trustee for three Charitable Trusts. An in-depth review of the management of the three Trusts has been undertaken during the year and was still under review at year end.

It has been established that the Trust with the working title, James Day Trust (Day's Park) and charity name, Gift of Public Pleasure Grounds, was incorrectly registered. It has now been confirmed that this Trust relates to four specific parcels of land conveyed to the former Urban District Council in 1924 and

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not to Day's Park, which is solely owned by the Town Council. As such an application was successfully made to the Charity Commission to amend the Register of Charities to remove the working title.

A management agreement between the Town Council and King George's Trust is pending, which will confirm the Town Council's role in managing the playing field on behalf of the Trust.

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. At 31<sup>st</sup> March 2023, £42.27 was held in the James Day Will Trust income account administered by Lloyds Bank (Private Banking).

The possibility of merging the Gift of Public Pleasure Grounds Trust, De Moulham Trust and the James Day Will Trust has been put forward as way to consolidate and simplify the Council's position as Trustee to these Trusts and consideration will be given to this in 2023/24.

	Income £	Expenditure £	Net Gain/(Loss) £
De Moulham Trust <i>Established in 1990 as a gift of land and holding of Trust land covenants</i>	22,510	(3,250)	19,260
Gift of Public Pleasure Grounds <i>Indenture dating from 1924</i>	0	0	0
King George's Field <i>Deed of dedication entered into 5<sup>th</sup> May 1951</i>	0	0	0

### Charitable Funds held by Trusts:

	Balance 31 March 2022 £	Net Contributions to/(from) Fund £	Balance 31 March 2023 £
De Moulham Trust	80,543	19,260	99,803
James Day Trust	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 2022/23 the Council paid an employer's contribution of £172,852 into the Dorset County Pension Fund (a total of £139,519 in 2021/22), 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 2022/23 these amounted to £2,412 (£2,346 in 2021/22).

## 9. Grants

The following grants were issued during the 2022/23 financial year:

<b>Grants - Issued</b>		
	£	£
<i>General Power of Competence, Localism Act, 2011</i>		
<i>Revenue Grants</i>		
Swanage & Herston Football Club (Vodafone)	3,950	
*Swanage & Herston Football Club-Youth Football	6,958	
Swanage & Purbeck Development Trust - re: S&HFC	9,398	
Swanage Jazz Festival	250	
The Swanage Platinum Jubilee Group	1,000	
Arts Workshop Swanage	300	
Lewis Manning Hospice Care	484	
Purbeck Good Neighbours	500	
Swanage & District Chamber of Trade	500	
Swanage Town Band	140	
Purbeck Citizens Advice Bureau	1,000	24,480
<i>Capital Grants</i>		
None		0
<b>Total</b>		<b>24,480</b>

\*Financed from earmarked reserves

The following grants were received during the 2022/23 financial year:

<b>Grants - Received</b>		
	£	£
Dorset Council - Summer Demand Activities	20,000	
Sea Changers-Water Fountain	2,000	22,000
<i>Capital Grants</i>		
None		0
<b>Total</b>		<b>22,000</b>

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

<b>Contributions to services provided by Third Parties</b>		
	£	£
Durlston Community Bus	1,200	
Dorset Coast Forum/Sustainable Swanage	19,328	
Swanage Water Safety Patrol	4,000	
Dorset Council – Swanage First School Crossing Patrol	3,189	
<b>Total</b>		<b>27,717</b>

## 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.

The increase in audit fees is a result of a movement into a higher cost band due to the level of income and expenditure exceeding £5m in total. This is due to the purchase and selling of investments classified as long-term investments in the Practitioners' Guide.

<b>2021/22</b>		<b>2022/23</b>
£		£
2,400	Fees payable to the external auditor appointed by the SAAA	3,780
0	Adjustment on previous years audit fees	0
<u>2,400</u>		<u>3,780</u>

## 11. Items for Consideration

Any events after the year end, 31st March 2023, have been considered up to the date of the Annual Return, 24<sup>th</sup> May 2023. There are no items to report which may have an effect upon the Annual Return.