

Agenda Item No: 6

Report to: Charity Committee

Date of Meeting: 25 March 2013

Report Title: Finance Report (Including 2013/14 Budget)

Report By: Peter Grace
Head of Finance

Purpose of Report

To advise members of the Committee on the current year's financial position (2012/13), and determine the budget for 2013/14.

Recommendation(s)

- 1. To note the current financial position for 2012/13.**
- 2. The allocation for grants in 2013/14 to be set at £50,000.**
- 3. Approve the proposed expenditure on schemes funded from Reserves - albeit further Committee approval to proceed is required for a few key schemes.**
- 4. Approve the budget for 2013/14.**
- 5. Financial monitoring reports continue to be presented to each meeting of the Charity Committee**

Reasons for Recommendations

The Council has the responsibility for the proper management of the financial affairs of the Trust. In doing so it complies with Accounting Codes of Practice and the high standards required for the accounting of Public money.

A surplus is expected in 2012/13 and 2013/14 in respect of ongoing operations. This enables the Committee to establish a prudent level of grants allocations that can be distributed as part of the 2013/14 budget process.

The programmed use of reserves has been determined in accordance with the agreed business plan.



Introduction

1. The Foreshore Trust derives its income mainly from Car Parking and property leases/licences.
2. Appendix 1 attached provides a summarised financial position for 2011/12 (for comparative purposes), the 2012/13 estimated outturn and a draft budget for 2013/14.

Financial Position 2012/13

3. Income streams for the Trust are currently slightly below the Council's original revised budget predictions.
4. Appendix 4 identifies the financial position at 25th February 2013. The estimated surplus on the Trust operating activities for the year amounts to £138k after direct governance costs.
5. There is also anticipated expenditure of £485k during the year to 31st of March 2013 for various projects as detailed in the business plan (repairs and maintenance/development works).
6. A sum of £50K has been allocated for grants and a further sum of £25K will be paid to the Hastings Pier and White Rock Trust (as previously agreed). The sum has been retained in the 2012/13 accounts but may slip into 2013/14.

Budget 2013/14

7. Appendix 1 identifies a draft budget for 2013/14.
8. Total income is budgeted at £1,094K and expenditure at £950K. The estimated surplus for the year is £144K, after direct governance costs, but before distribution of grants and before use of Reserves.
9. Expenditure of £435K will be incurred in continuation of programme spend (Appendix 3). The level of programmed spend will reduce the cash balances held by the Trust.
10. A sum of £50K has been allocated for grants and a further sum of £20K for Events. It should be remembered that a further £30,000 was allocated in respect of the Stade Hall Kitchen to be match funded from FLAG monies- this has been included in the main programme and is effectively funded from Reserves.

Programmed Spend (Maintenance /Development)

11. The table below summarises the proposed and anticipated programme expenditure for the years ending 31 March 2013 & 2014.

	Year to 31st March 2013 £'000	Year to 31st March 2014 £'000	Progress
White Rock Baths – Works	70	160	Major works in 2013/14 on White Rock baths will only take place with further Committee approval.
White Rock Baths – Project support	0	170	Contribution to tenant fit out - no contribution will be made without further Charity Committee approval.
Chalets		10	10 new seasonal chalets. These should be purchased and in place for the summer season.
Seafront play & exercise facilities	165	0	Complete
Sea front signage		40	
Stade Kitchen		30	Match funding anticipated from FLAG
Pelham Place Car Park	220		Work well underway
Contingency	30	25	
Total	485	435	

12. The full programme of works is identified in Appendix 3. The expenditure forecasts contained within the original business plan agreed in December 2012 are effectively updated by this Appendix.

13. For the purposes of clarity, the Committee is recommended to approve expenditure on all the schemes in Appendix 3, except in respect of the Main Programme schemes for White Rock Baths and Rock a Nore Car Park where further Committee approval will be required before expenditure is incurred.

Reserves

14. The total cash balances on the Trust accounts at the 31 March 2012 amounted to £1,812k. Appendix 2 shows the cash balances for future years as follows £1,390K as at 31st March 2013, £1,029K as at 31st March 2014, £731K as at 31st March 2015 and £829K as at 31st March 2016.

15. The budget is linked to the business plan for the Trust and future repairs and maintenance/ development works have now been programmed into the budget.

16. The Trust will need to keep under review the risks and opportunities that it faces in order to determine the appropriate level of Reserves for unforeseen and

unexpected events given the increased level of activity. Given the current expenditure plans and income estimates the level of reserves are considered sufficient. A review of the Reserves and the Reserves Policy will continue to be considered by the Trust on an annual basis in conjunction with a review of risk.

Fees and Charges

17. In preparing the budget an increase in car parking charges has been allowed for. The additional income arising for the year is estimated at some £78,000 (this is included within the budget estimates)

Use of Surpluses

18. The Trust has a duty to maintain its assets and only thereafter to consider the use of any surpluses for the benefits of the community.
19. In 2012/13 an allocation of £50,000 was made in respect of grants for community purposes. A principle of allocating a percentage of the surpluses for community purposes e.g. the total level of grants given in any one year being set at a maximum of 25% of any surplus actually achieved. The grant allocation for 13/14 will exceed this rule if approved. The surplus generated in 2012/13 has reduced as a result of additional repair and cyclical maintenance work. However the Trust's accounts remain healthy and are expected to generate surpluses given the additional spaces being achieved in Pelham car park and the increased charges
20. It is recommended that in light of the estimated surplus, the needs of the community, and the need for certainty an allocation of £50,000 be made once again in respect of the 2013/14 budget for community purposes. This sum would represent an amount in excess of 25% i.e. 36.2% of the 2012/13 surplus, but would provide certainty for the allocation of grants and remains affordable at least for 2013-14. In addition there is for the first time an allocation of £20,000 in respect of events. The combined sum representing 50.7% of the 2012/13 surplus.

Financial Monitoring and Accounting Arrangements

21. The Committee is provided with updates on the financial position of the Trust at each regular meeting of the Charity Committee. These reports are in addition to the normal reporting requirements such as budget determination, final accounts and the receipt of any Auditor reports.
22. The Council has been managing the activities on the foreshore for many years. Income generated and expenditure incurred in respect of activities concerning Foreshore Trust assets are separately accounted for by the Council. Draft accounts are prepared annually by the Council before being formalised by a private accountancy firm and audited.

Wards Affected

Ashdown, Baird, Braybrooke, Castle, Central St. Leonards, Conquest, Gensing, Hollington, Maze Hill, Old Hastings, Ore, Silverhill, St. Helens, Tressell, West St. Leonards, Wishing Tree

Area(s) Affected

Central Hastings, East Hastings, North St. Leonards, South St. Leonards

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	No
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No

Background Information

Appendix 1 - Draft budget
Appendix 2 - Forward Plan
Appendix 3 – Business Plan (Maintenance and Cyclical Repairs and Main Programme)
Appendix 4 – 2012-13 Monitoring Report

Officer to Contact

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