

Report to: Charity Committee

Date of Meeting: 11 December 2017

Report Title: Finance Report

Report By: Peter Grace
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(Chief Finance Officer)

Purpose of Report

To advise on the Foreshore Trust's current year's financial position.

Recommendation(s)

1. To agree the current financial position for 2017/18.
2. To agree that the Trust's monies be invested more widely to achieve a better return (fully complying with the Council's approved Investment Policy)

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 slightly above budget expectations is anticipated for 2017/18 in respect of ongoing operations.

Introduction

1. The Foreshore Trust derives its income mainly from car parking and property leases/licences, the former income stream being quite variable.
2. Appendix 1 attached provides a summarised financial position for 2017/18. The figures identify the annual operating surplus,

Financial Position 2017/18

3. The budget agreed in March 2017 identified budgeted income at £1,335,000 and expenditure at £978,000. The budgeted surplus for the year being £357,000, after direct governance costs, but before distribution of grants, capital charges and before use of Reserves.
4. Income projections are currently in excess of budget by £47,000, with car parking income anticipated to be some £50,000 over the original budget, with interest expected to be £3,000 less than budgeted.
5. Expenditure is expected to be £40,000 in excess of original budget of which £58,000 (estimated £50,000 at June meeting) represents an increase in the cleaning contract costs (a saving had been anticipated). There is a reduction in loan repayments of £14,000 - already reported.
6. The September Charity Committee meeting approved an increase in small grants of £10,000 and event grants of £10,000 from 2018/19. This brings the totals to £60,000 p.a. and £30,000 p.a. respectively.

Investment Options

7. One of the issues raised at the Annual meeting of Foreshore Trust in September 2017, was the level of interest the Trust received on its cash balances. A review has been undertaken with the Council's Treasury advisers (Link Asset Services – known previously as Capita Asset Services)
8. Various options were looked at but many involved the potential loss of Capital. The Council's own Treasury management Policy which follows best practice guidance requires it to consider the factors of Security, Liquidity and thereafter Yield. To this end the advice is that given further potential increases in base rates and falls in the inflation rate next year, the Trust could consider moving monies to make deposits in the same way as the Council does and not retain the majority of its monies in its CCLA (Churches Charities and Local Authorities) account.
9. The rate of interest on the CCLA account was some 0.19% at the end of September 2017. The average rate in 2016 was 0.42%.
10. The Trust would be able to invest a sum of £1m for a fixed term and achieve rates of 0.5% for 6 months, 0.65% for 12 months with high credit rated institutions that are included within the Council's approved investment policy.

11. It is recommended that the appropriate arrangements are made in order to invest the Trusts' monies more widely to achieve a better return.

Business Plan 2017/18

12. The Charity Committee on 20 March 2017 approved an increase in the budget for parking machines of £21,100 to £70,000 and the re-profiling of the Marine Litter project and the landscaping / water feature project. It also approved £10,000 for the Access Audit and £25,000 for Pier/White Rock improvements.
13. The Charity Committee meeting on 26 of June 2017 agreed to the rescheduling of the new signage to RNLI standard and re-profiling for the slippage in the beach front Children's Play Area improvements and the Stade Open Space Landscaping, It also agreed £22,374 for the purchase of 12 new chalets – now in place.
14. The current programme of works will be reviewed and revisions proposed at the Charity Committee meeting on 19 March 2018. This meeting will also consider the Budget for 2018/19.
15. The current programme of works is identified in Appendix 2. The Committee has approved expenditure on all these schemes (subject to further reports in respect of asterisked items).

Reserves

16. The total effective cash balances of the Trust at the 31 March 2017 amounted to £1.3m after providing for the outstanding settlement to Hastings Borough Council (amount owed for 2016/17).
17. The Trust retains reserves above the minimum level identified within the Reserves Policy (£900,000) – subject to no unexpected calls on the reserves and no reduction in the expected levels of car parking and fee income.
18. With the current business plan, the revised cash balances for future years are estimated as follows :-
- £1.34m as at 31st March 2018.
- £1.52m as at 31st March 2019.
- £1.71m as at 31st March 2020.
- £1.88m as at 31st March 2021.
- £2.04m as at 31st March 2022.
19. It should be noted that the business plan does not yet include some of the major liabilities that the Trust will face in future years and for which it will either need to provide for, or borrow for e.g. car park resurfacing, lighting upgrades, building and toilet refurbishments, etc.

Wards Affected

None

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	Yes
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No
Anti-Poverty	No

Additional Information

Appendix 1 - Financial Monitoring Report
Appendix 2 - Business Plan - Financial Summary
Appendix 3 - Indicative Forward Plan

Officer to Contact

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