

**Foreshore Trust  
Business Plan 2011-2016  
September 2011**

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## Executive Summary

1. The Foreshore Trust is a charity registered at the Charity Commission under number 1105649. Hastings Borough Council is the trustee of the charity for all purposes and bound by charity law in the same way as any other charity trustee.
2. The objects of the Charity are to hold and maintain the Charity's land for the common use, benefit and enjoyment of all Her Majesty's subjects and the public for the time being for ever; and, subject to that, such charitable purposes within the area of the Borough of Hastings as the Trustee thinks fit.
3. The first priority for the Trustee is meeting the cost of administration and maintenance and repair of the Trust estate. It can then consider further distribution of income for charitable purposes within the Borough of Hastings & St. Leonards, subject to its responsibility to maintain reasonable reserves for unplanned or unpredictable operational expenses.
4. The Trustee envisages a Foreshore where history and traditional industry are preserved and nurtured whilst events and activities are encouraged along the entire length of trust land and opportunities for income generation are exploited wisely to support the Foreshore and the residents of the borough.
5. The balance in Trust accounts at 31 March 2011 is £1,991,758 of which £1,567,231 is held in cash. Income for the financial year ended 31 March 2011 was £1,132,758 and total expenditure was £908,161, leaving a surplus of £224,597. The original budget for the current financial year assumed income of £1,058,250 with expenditure forecast at £871,350 leaving a surplus of £186,900. An annual provision for charitable grants will be established at a minimum allocation of 25% of the annual surplus. A provisional reserve has been agreed to cover planned spending commitments for repairs, renewals and projects.
6. Major projects in the Trust's spending plan for the years 2011-2016 include a partial refurbishment and new tenancy for the White Rock Baths, improvements to car parking, a new seafront play area and fitness trail and essential cyclical repairs to steps, railings and footways.

## **Background**

### ***About the trust***

7. The Foreshore Trust is a charity registered at the Charity Commission under number 1105649. Hastings Borough Council is the trustee of the charity for all purposes and bound by charity law in the same way as any other charity trustee. When making decisions relating to or affecting the Charity, it must act in the Charity's best interests.

### ***History of the trust***

8. The Charter of Elizabeth I in 1588 bestowed corporation status on Hastings and also gifted its stone beach to the newly incorporated town. In the late 19<sup>th</sup> century, the Crown sued Hastings Corporation in the High Court in relation to the Foreshore i.e. the area of the beach between high and low water which generally belongs to the Crown. The High Court litigation was settled and on 8 September 1893 the Crown sold the Foreshore between Rock-a-Nore and Grosvenor Gardens to Hastings Corporation. However, unlike the Charter, the conveyance of the Foreshore to Hastings Corporation was on trust to hold the land for the "common use, benefit and enjoyment of Her Majesty's subjects and the public generally for ever". Later in 1925, 1933 and 1934 the Crown sold further areas to Hastings Corporation on the same charitable trusts so that it held the whole of the Foreshore between the town's eastern and western boundaries.
9. In 1947 a Deed of Compromise was agreed between the County Borough of Hastings and representatives of Hastings fishermen over the ownership and use of the area of Foreshore known as The Stade. This agreement confirmed ownership and various rights on the Stade to the County Borough, subject to the terms of the 1893 conveyance, whilst granting irrevocable powers to carry out specified activities there to all registered fishermen.
10. In 1987 Hastings Borough Council promoted a bill which became the Hastings Borough Council Act 1988. The Act had a number of provisions affecting Hastings, some of which related to the Foreshore. The effect of the Act was to vary the original charitable trusts so certain areas of the Foreshore could be used for car parking and other purposes, including leisure. The Act empowered the Council to charge for services provided and to permit others to provide services at a charge. The car parks at Rock a Nore and Pelham are operated under the 1988 Act as was the former car and coach and lorry park at the Stade. The Act also enabled the development of the Stade amusements, boating lake, crazy golf and similar ventures.

11. In August 2004, the Hastings and St Leonards Foreshore Charitable Trust was registered with the Charity Commission. A scheme providing for the appointment of 4 independent trustees and 2 Council nominated trustees was approved in March 2006. The Council held the land as custodian trustee but all management decisions made in relation to the land, including any disposal, were the responsibility of the trustees appointed under the Scheme.
  
12. In February 2008, a claim made by the Trustees against the Council for an alleged breach of trust was settled with the approval of the Charity Commission with a payment to the Trustees of £1.35 million plus interest. A second claim was also settled regarding land and income from land, providing for redrawn boundaries of the Trust estate to form the basis of a new registered title at the Land Registry.
  
13. From an early stage the Foreshore Trustees came to a conclusion, following advice from their financial advisors, that it was more beneficial to the Charity for it to be managed by the Council, as sole trustee, rather than by independent trustees. This included the economies of scale the Council could achieve which the Trustees could not. They, therefore, approached the Charity Commission requesting a Scheme to return the trusteeship to the Council.
  
14. In late 2009 the Charity Commission published such a Scheme proposing that the trusteeship be returned to the Council and seeking public responses to the proposal. A valuable aspect of the Scheme was to broaden the powers of the Trustee to distribute any surpluses, after expenditure on and maintenance of the trust estate, for any charitable purpose within the Borough.
  
15. As a result of the public responses to consultation on the draft Scheme, the Commission, following further consultation with the Foreshore Trustees and the Council, decided to make an amended Scheme. The Scheme was made on 13 January 2011.

## Purpose

16. The objects of the Charity are to hold and maintain the Charity's land for the common use, benefit and enjoyment of all Her Majesty's subjects and the public for the time being for ever; and, subject to that, such charitable purposes within the area of the Borough of Hastings as the Trustee thinks fit.
  
17. The Trust's income, and, if the Trustee thinks fit, its expendable endowment and, if appropriate, its permanent endowment, will be expended in meeting the proper costs of administering the charity and of managing its assets including repair and insurance of land and buildings. After meeting these costs, the Trustee must apply remaining income in furthering the objects of the Charity.
  
18. The first priority for the Trustee, therefore, is meeting the cost of administration and maintenance and repair of the Trust estate. It can then consider further distribution of income under the new object, subject to its responsibility to maintain reasonable reserves for unplanned or unpredictable operational expenses.

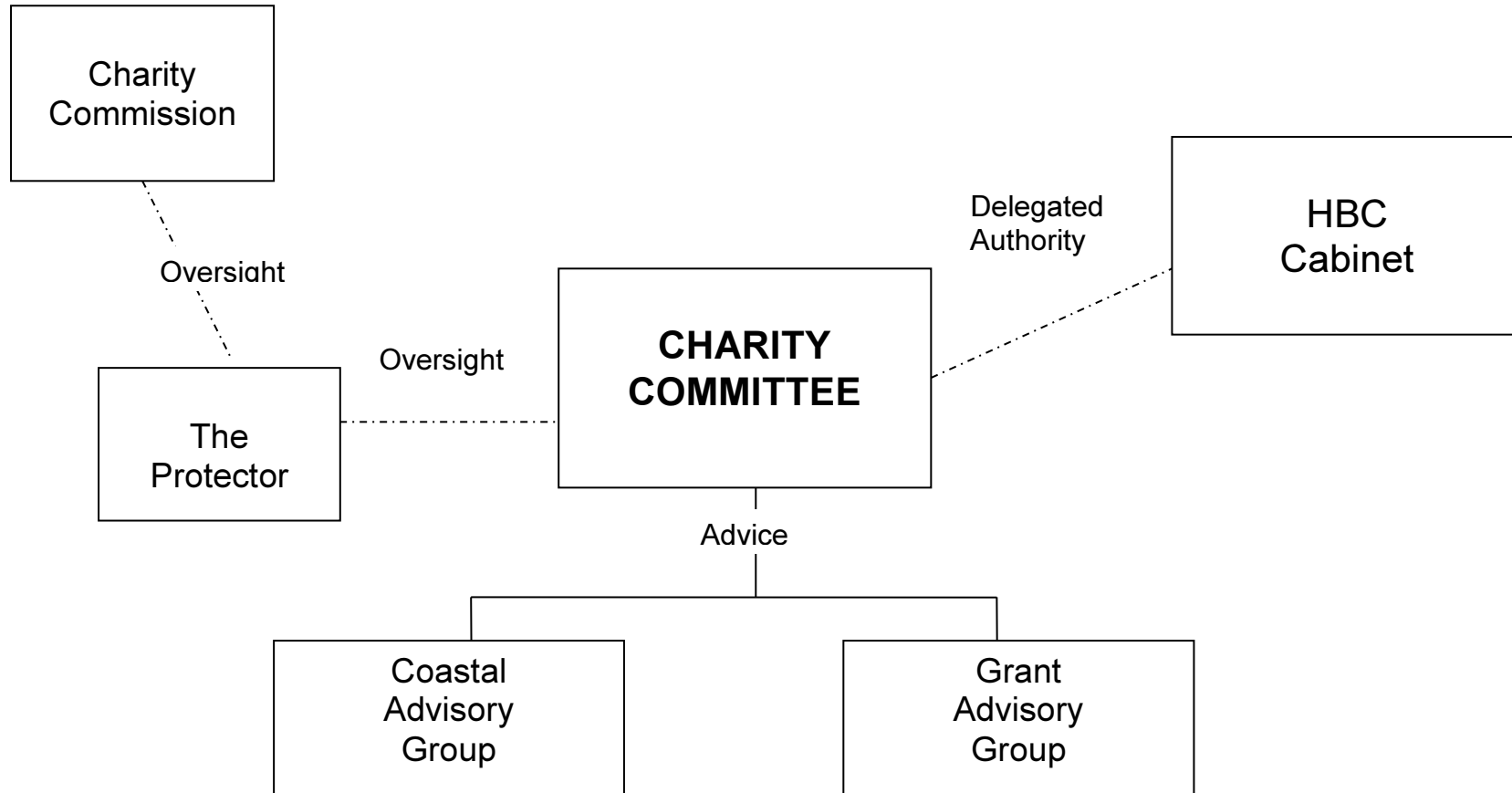
## Vision

19. The Foreshore is a tremendous economic and social asset to the Borough of Hastings & St. Leonards as well as the nation. The Trust will work to ensure that this asset is preserved and enhanced for the wellbeing of residents and the economic and social benefits of national tourism. The Trustee envisages a Foreshore where history and traditional industry are preserved and nurtured whilst events and activities are encouraged along the entire length of trust land.
20. The Trust will work in partnership with the Borough and other public bodies, residents' groups and representatives of local businesses and charities, to place the Foreshore in the wider context of the town and region, to focus on the importance of access for everyone and to expand opportunities for a sustainable stream of income to support projects and charitable grants.

## Strengths, Weaknesses, Opportunities and Threats

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Substantial land holding</li> <li>• Substantial and consistent income streams</li> <li>• Prime seafront location</li> <li>• HBC operational and administrative backing</li> <li>• Historic built environment</li> <li>• Hastings fishing fleet</li> </ul>	<ul style="list-style-type: none"> <li>• Derelict buildings</li> <li>• Substantial concrete repairs</li> <li>• Significant cyclical maintenance liabilities (repaving, lighting)</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• National interest in Jerwood development</li> <li>• Pier redevelopment plans</li> <li>• Strong interest in commercial and leisure initiatives</li> <li>• Growing town calendar of events</li> </ul>	<ul style="list-style-type: none"> <li>• 2015 introduction of stringent bathing water standards</li> <li>• Tourism affected by weakness of national economy</li> <li>• Environmental risks (weather, pollution incidents)</li> <li>• Climate change (rising sea levels, loss of beach)</li> </ul>

## Organisational Structure





## ***The Trustee***

21. The Trustee is Hastings Borough Council.

## ***Charity Committee***

22. The Cabinet of Hastings Borough Council has delegated all decision-making in relation to the Charity to the Charity Committee, whose primary function is to administer the Charity on behalf of the Council as Trustee in accordance with the Charity's objects. The Charity Committee's membership is taken from executive members who sit on Cabinet. There are three Committee members. The Committee makes decisions on behalf of the Trustee and is advised and served by a number of officers with particular skills and qualification including accountants, solicitors, surveyors as well as those skilled in the day to day management of the Trust estate and interaction with users of the Foreshore.

23. The Charity Committee meets in public quarterly and will add ad hoc meetings as required.

## ***Coastal Advisory Group.***

24. The Trustee must consult a Coastal Advisory Group and have regard to the recommendations of the Group on standards or specifications for the maintenance of the Charity's land, the Trust's policy for events and activities permitted on the Charity's land and on any events or activities proposed outside of that policy, the Charity's policy relating to the exercise of any power under the Hastings Borough Council Act 1988 or otherwise to manage, let sell or otherwise dispose of the Charity's property and any proposals outside of that policy. The Coastal Users Group, an existing body which includes interested users of the Foreshore from businesses, clubs and residents' groups, has agreed to act as the Coastal Advisory Group for the time being.

## ***Grant Advisory Panel.***

25. The Trustee, after meeting the expenses of the Charity, may apply the surplus income and any surplus expendable endowment to any charitable purposes within the Borough of Hastings. The Trustee must appoint members to a Grant Advisory Panel on the basis of their knowledge and experience of the voluntary and charitable sector in the area of the Borough of Hastings. The Trustee must establish procedures for the conduct of the business of the Grant Advisory Panel. The Grant Advisory Panel must then make recommendations in respect of the Trustee's grant-making criteria, the content and format of grant application forms and the advertisement of grants. In devising policy for the making of grants and determination of individual grant applications, the Trustee is to have regard to the recommendations of the Grant Advisory Panel.

## ***The Protector***

26. The Trustee has appointed a protector whose fiduciary duty is to ensure the integrity of the administration of the charity, and who must report to the Commission any matter which he/she has reasonable cause to believe is likely to be relevant for the purposes of the exercise by the Commission of any of its functions. The Protector has to prepare a statement of his/her activities and findings for publication in the Trustee Annual Report.

## **Financial Information**

### ***Assets***

The assets of the Trust consist of:

- the land and buildings identified on the attached plan;
- parking and rental income derived from the letting of parts of the Charity's land;
- the sum of £1.35 million which arose under the First Settlement plus interest thereon;
- cash and other investments;
- the income arising out of the land, buildings, cash and other investments;
- any debts due from third parties;

The balance in Trust accounts at 31 March 2011 is £1,991,758 of which £1,567,231 is held in cash.

### ***Income***

Income for the financial year ended 31 March 2011 was £1,132,758 and total expenditure was £908,161, leaving a surplus of £224,597. The original budget for the current financial year assumed income of £1,058,250 with expenditure forecast at £871,350 thus anticipating a surplus of £186,900.

Income is substantially derived from the Trust's car parks at Pelham Place and Rock-a-Nore and from property leases and licences. Regular annual expenditure is primarily a recharge from Hastings Borough Council of the operating costs of the Stade and Foreshore, public conveniences, car parks, street cleansing and waste removal.

The surplus remaining at the end of each financial year is available for allocation to the Trust's proposed programme of works and for distribution in the form of charitable grants.

## ***Reserves***

27. The Trust has identified the need to hold reserves for future projects, repairs, cash flow and any unforeseen events. A reserves policy has been adopted and is included in the appendices to this business plan.
28. The Trust has also established a reserve to fund a provisional 5 year programme of planned spending commitments for repairs, renewals and projects. The Programme is outlined in the next section and a provisional 5 year spending plan is included in the appendices.

## **The Programme**

### ***White Rock Baths***

29. The White Rock Baths is the Trust's most significant building and has been derelict for many years. There have been many attempts to market the building and a number of proposals have been developed but none have come to fruition. Its size and deteriorating condition present significant obstacles to redevelopment on a fully commercial basis.
30. Surveys have been undertaken, most recently in 2009, to assess the condition of the building and the ongoing deterioration to the concrete structure. The structure had not been maintained for years before and after it finally closed in the mid-1990s and suffers from water ingress from above and below. In the absence of a viable proposition for reuse, the strategy has been to undertake repairs on a rolling 5 year horizon. At present, it is estimated that £50,000 of concrete repairs would be required to maintain the structure for the next 5 years if the building remains vacant.
31. However, the Trust views the Baths as a potential catalyst for activities in this area of the foreshore. The Trust wishes to encourage this by bringing at least some sections of the structure back into use and is considering proposals for the

promenade building, central core and eastern open well, excluding the eastern pool, lounge and western pool areas. This limited use will require significant investment, including rubble clearance and reinstatement of systems for sewage and heating. The costs for necessary works are included in the spending plan in the appendices to this business plan.

32. Any wider use of the building in the longer term will trigger the requirement for considerable expenditure on concrete repairs and promenade level waterproofing. The most recent estimate for a full programme of concrete repairs is £650,000 to create a 50 year life for the building. Overhead waterproofing of the entire structure is expected to cost around £450,000. Without waterproofing, any internal fitout below promenade level will quickly deteriorate.
33. The Trust is currently assessing a proposal from LifeCycle for bicycle hire, bicycle training, café and ancillary uses to be developed in phases. This proposal is dependent upon a contribution from the Trust to the tenant of £167,000 to match a grant available from Hastings Borough Council's regeneration funds. The Trust's contribution would be used for building works to the promenade structure, central core and eastern well that are considered necessary to create a viable shell for fitout by LifeCycle or any future tenant.
34. The LifeCycle proposal and/or any further proposals will be the subject of separate reports to the Charity Committee and to HBC's Cabinet before any decisions on funding are made.
35. A proposal from the Hastings Pier Trust for a lease of the western well to erect a temporary building to house the Pier Trust's showroom has been agreed and granted planning permission. The Pier Trust has stated that the final design for their building will not impede the use of the building below nor will it adversely affect the existing structure. This proposal has no financial impact upon the Trust.

### ***Expanded Car Parking***

36. The two seafront car parks at Rock a Nore and Pelham Place provide the Trust with over 80% of its annual income. The opening of the Jerwood Gallery, the Hastings to Bexhill seafront cycle route and other plans for activities are expected to increase the demand for parking at or near the seafront. The construction at the Stade has resulted in the loss of 59 spaces with the closure of the Fishmarket car park.
37. Conversion of the White Rock Baths into a car park was considered in 2003 and recently reviewed. An underground car park of 80 spaces could be created below promenade level at a cost of £35,000-£40,000 per space. This compares unfavourably with a Hastings average of £8,000 per space and is not justified by the potential income.

38. Surfacing and marking bays in the remaining unpaved areas at Rock a Nore, subject to negotiation with the Fishermen's Protection Society, would result in a 10% increase or around 45 additional spaces. This could produce additional income estimated at around £40,000 annually if a suitable, economic surfacing is identified. The previous proposal for upgrading to the same specification as the existing paved area was £761,000. Alternatives have been identified, with a favoured option of concrete block paving with gravel infill and demarcation by differently coloured gravel infill, at an estimated cost of £430,000. .
39. The Pelham Place car park will require resurfacing in the near future at an estimated cost of £65,000. A new surface will have a life of 15 to 20 years. It would also be possible to add another 25 spaces at Pelham Place, subject to consultations and permissions, for a cost of £140,000.
40. At present, the car parks are fully used only on a limited number of summer weekends, making it difficult to justify the cost of expansion by an expectation of increased income. The Trust will review these proposals when the impact of the Jerwood opening and other activities is clearer.

### ***Other Commercial Opportunities***

41. The Trust derives an annual income in the region of £200,000 from a range of organisations and commercial activities undertaken on the seafront and areas of trust land. Commercial facilities provided include ice creams and catering, adventure golf, amusements and rides, deck chair and sun lounger hire, museums, aquarium, miniature railway. There are also short term commercial activities and events held such as the Sunday Markets.
42. In addition to regular rent reviews, lease terms will be renegotiated with tenants from time to time. The Trust will take external advice when necessary to assess the market value of its leases and to ensure that rents and tenant obligations reflect that value.
43. The Trust has two major tenants, Stade Amusements Limited and Arnold Palmer Putting Courses Limited. In addition, opportunities often arise for additional trading and catering sites and proposals for equipment hire. There is a strong, continuing demand for beach chalet rentals on a weekly, monthly or seasonal basis. In 2011-12, the Trust will invest in an additional 10 chalets and may consider further purchases in the future.

### ***Leisure***

44. Leisure activities provide a great opportunity for the development and encouragement of access to the foreshore. This can be provided in an informal way, simply as a place for walking, running, cycling, fishing or swimming as well as attracting a range of different water sports including rowing, canoeing, sailing, windsurfing, kitesurfing, boat angling and diving.

45. A new seafront multi use games area, the 'Pelham Playa' is now complete and in use. This is a great new community facility that has been made possible by the hard work and determination of the Hastings Old Town Residents Association with funding from the Trust. It will be jointly managed by the Council and Hastings Adventure Golf. A new volleyball court has also been created by Hastings Adventure Golf and opens this summer.
46. A seafront exercise trail is proposed for 2012-13 and included in the spending plan. Other proposals for future consideration include a coastal heritage trail and a new lifeguard station at Pelham.
47. The Trust will support the creation of a new Seafront Play Area around Pelham. This facility will fill a gap in play provision for visitors and residents in Hastings town centre and the Old Town.

### ***Other Repairs and Renewals***

48. Routine inspections, annual and seasonal maintenance and responsive repairs are covered by the operational budget of the Foreshore team and recharged to the Trust in the annual accounting process. This covers general wear and tear to a range of assets including promenade surfacing, railings, shelters, street furniture, signs, steps, groynes, buildings and other structures.
49. In recent years, however, it has become necessary to arrange specialist examinations of the concrete structures along the seafront. From these reports, a picture is emerging of significant concrete repairs and waterproofing that will be required to structures. This will impact upon the Trust at White Rock Baths and the Pier public conveniences.
50. Other assets, particularly railings and wooden steps, are reaching end of life and will need to be replaced gradually. The Foreshore Trust and the Council will share responsibility for these structures depending on their location along the seafront.
51. The Trust will need to consider emerging requests for resurfacing of the Winch Road and maintenance of barriers around the Stade area.

### ***Renewal/Replacement of Operational Contracts***

52. Waste and street (beach) cleansing services and grounds maintenance on the foreshore are delivered by Hastings Borough Council within town-wide contracts with commercial contractors. The grounds maintenance contract with Quadron Services will expire in November 2012. The waste and street cleansing contract, currently with Veolia, will expire in November 2013. The Foreshore Trust has agreed to be named in the notices of tender to be published in the European Journal and is likely to participate in the tender exercises with the agreement that all Trust costs will be identifiable within the tenders. The Charity Committee will receive formal reports seeking their agreement to the tender process and ultimately to the award of contract. The Committee can, if it is deemed sensible, choose to tender separately for these services for the Foreshore only. Generally, the view of the Charity Commission was that there were advantages to the Trust from inclusion in the operations of the Council

such as economies of scale and removing the need and expense of developing another administrative and operational structure. However, each decision will need to be reached on its merits after evaluation of published reports to the Charity Committee.

53. The Trust's car parks are managed by HBC staff who also manage the Council's off-street car parks as well as a parking agreement with the County Council for on-street parking. The current agreement with the County Council for on-street parking management will cease by December 2012. Negotiations are underway for replacement arrangements which may have a significant effect on HBC off-street management arrangements. When the outcome of negotiations is known, the Trust will need to assess future options for Trust car parks.

### ***The Grants Programme***

54. The Trust considers the provision of charitable grants to be a core element of its activities. In order to ensure consistency and transparency, the Trust pledges to allocate a minimum of 25% of the annual surplus (annual income remaining after all expenditure has been met) each year for the grants programme. The Trust will give due consideration to all opportunities to maximise income, where they are consistent with the purpose of the Trust, so that the grants programme is sustained.

### **Risk Management**

55. Following the transfer of the trusteeship to the Council a risk register has been compiled and is included in the appendices of this business plan. This has identified the key financial risks facing the Trust. The risk register is being further developed to include the identification of significant risks along with the identification of relevant controls and responsibilities.
56. The risk register will be reviewed regularly by the Trustee, adding and removing risks as circumstances change.

### **Governance**

57. The Trustee, Hastings Borough Council, is a principal local authority established under the Local Government Act 1972 and, as such, has corporate status. As a local authority, the Trustee acts through decisions of elected members and delegations to committees, sub-committees and officers. The administration of charities is an executive function and so only the Cabinet, a committee of Cabinet or officers acting under delegations from Cabinet are legally competent to make decisions relating to the Charity. In order to reduce the incidence of conflict of loyalty as much as possible in the situation, Cabinet recommended to Council that Council appoint a further member of Cabinet from the Leading political group on the Council who was to have no portfolio of responsibility for Council services but would be the chair of the Charity Committee. The remaining members of the Committee of three were drawn from those members of Cabinet with the least likelihood of a conflict of loyalties arising.

58. The 2011 Scheme required the appointment of a Protector who has been kept informed regarding the Charity and has been active in attending meetings of the Charity Committee and commenting on reports recommending action to the Committee.
59. The Trust will publish an annual statement of its accounts and hold an annual public meeting.

## **Performance measurement / service delivery**

60. The Trust's obligations for service delivery are carried out by officers of Hastings Borough Council either directly or through external contractors. The main services provided are beach cleansing and monitoring, seasonal lifeguard service, refuse removal, public conveniences and car parks. Performance is monitored through quarterly reporting on a series of performance indicators against targets set annually.
61. The public bathing beaches at Pelham Place and Marina are externally assessed by the Keep Britain Tidy organisation and have both been awarded Quality Coast Awards for beach management.

## **Communications**

62. The Charity has a communications plan which includes the publication of agenda and reports for meetings of the Charity Committee and the publication of minutes. These are freely available to the public under the access to information rules which govern local authority information. The documents are accessible on the Council's website or in hard copy from the Borough Solicitor. General information and news about the Charity and its activities can be seen on the Charity's webpage ([link](#)). Press releases are presented where appropriate. The Protector has his own website which has a considerable amount of background information and documentation of public interest ([link](#)).

## **Consultation and Accountability**

63. The Trust will consult regularly with the Coastal Advisory Group and the Grant Advisory Panel. In addition, wider consultation with local residents will take place through public meetings, including the annual public meeting to present the Trust's annual statement, and through elected representatives who will submit questions to Full Council meetings and receive formal, published responses.



## **Appendices**

### ***Foreshore Trust Spending Plan Draft***

See next page

<b>Foreshore Trust Spending Plan DRAFT</b>			2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	FUTURE
PROPERTY	DESCRIPTION OF WORK	JUSTIFICATION	BUDGET	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE
			£	£	£	£	£	
Pier Area	area inspections and repairs	maintain asset value	3,000	3,000	3,000	3,000	3,000	
White Rock Baths	external redecoration	maintain asset value			12,000		15,000	
Stade Barriers	annual maintenance	public health & safety	2,000	2,000	2,000	2,000	2,000	
Cycle route	contribution to maintenance	public health & safety		5,000				
Winch Road	resurfacing	amenity			15,000			
<b>Total of Cyclical Repairs and Redecorations</b>			<b>5,000</b>	<b>10,000</b>	<b>32,000</b>	<b>5,000</b>	<b>20,000</b>	
Pier Area	toilet concrete repairs	extend asset life +5 years		30,000				
Beach steps	replacement	public health & safety		12,000	12,000	12,000	12,000	
Beachfront Railings	Marina area	public health & safety					15,000	
<b>Total Maintenance Projects</b>			<b>0</b>	<b>42,000</b>	<b>12,000</b>	<b>12,000</b>	<b>27,000</b>	
White Rock Baths	reinstatement of sewage	landlord's works pre-leasing	60,000					
White Rock Baths	Pre-works Type 3 asbestos survey	landlord's works pre-leasing	10,000					
White Rock Baths	debris clearance	landlord's works pre-leasing	65,000					50,000
White Rock Baths	promenade waterproofing	landlord's works pre-leasing	50,000					400,000
White Rock Baths	concrete repairs(excl baths)	landlord's works pre-leasing		50,000				
White Rock Baths	contribution to tenant fitout		167,000					
White Rock Baths	concrete repairs - full structure							650,000
Marina Chalets	Purchase 10 new chalets	commercial income	10,000					
Cycle Route	signs	public health & safety	7,000					
Beachfront	new signage to RNLI standard	public health & safety		40,000				
Beachfront	fitness kit & distance marking	amenity		25,000				
Beachfront	children's play area	amenity		150,000				
Rock a Nore Car Park	surface/line unpaved area	commercial income				430,000		
Pelham Place Car Park	repaving + 25 spaces	commercial income			205,000			
Contingency			25,000	25,000	25,000	25,000	25,000	
<b>Total Programme</b>			<b>394,000</b>	<b>290,000</b>	<b>230,000</b>	<b>455,000</b>	<b>25,000</b>	<b>1,100,000</b>
<b>Grand Total</b>			<b>399,000</b>	<b>342,000</b>	<b>274,000</b>	<b>472,000</b>	<b>72,000</b>	<b>1,100,000</b>
<b>Grants Provisional</b>			50,000	50,000	50,000	50,000	50,000	

**Map of land holdings** – to be added after the formal report from the Trust’s appointed surveyor

## ***Reserves Policy***

This policy will be reviewed on a regular basis to take account of changes to the future plans of the Trust and perceived risks. Reserves are maintained for a variety of reasons as identified below. Namely:-

**a)** An amount might be needed to meet an unforeseen emergency or other unexpected need. This amount is arrived at after considering risks and how much might be needed for such contingencies; this involves judgement of events that may occur and their likelihood.

Whilst all the risks have yet to be fully assessed and reviewed it is suggested that £100,000 be retained to meet an unforeseen emergency or other unexpected event.

**b)** Expenditure budget - a small contingency fund to meet unforeseen operational costs

The expenditure budget is some £844k. It is suggested that a 10% contingency (say £80,000) be retained in the first year for unexpected and unforeseen operational expenditure.

**c)** Uncertainty over future income. Most well run organisations retain reserves equivalent to a number of weeks or months of income equivalent to allow time to develop new sources of income or to cut-back on related expenditure.

Potential significant loss of income could result from a downturn in economic activity or an increase in fuel costs resulting in fewer tourists, a major disaster in the area, bad weather, pollution incident, or loss of reputation e.g. bathing water deterioration, etc .

It is recommended that the equivalent of 6 months income be retained to cater for this risk which would amount to around £½ million.

**d)** Planned spending commitments which cannot be met from future income would imply a need for a specific sum to be set aside - often this amount will be included within designations in the accounts.

The Repairs and Renewals programme has yet to be determined by the Charity Committee and hence the figure required remains to be determined.

Given the predicted surplus for each year there is scope to include some of the recurring planned expenditure within the annual budget. There are higher cost initiatives e.g. resurfacing of car parks, roadways,etc, that will necessitate identification and retention of significant sums within the accounts

e) Cash Flow – organisations require a working balance to cover 'troughs' in the cash budget.

Based on the financial year the cash flow is expected to be positive throughout the year i.e. income generated should exceed expenditure. Where significant one off expenditure is incurred e.g. resurfacing, use of reserves would be used to cover any shortfalls. As such no sum is set aside for this specific purpose – especially given the sums detailed above (a to d).

f) In summary the Reserves to be retained amount to :-

Ref.	Risk Area/ Designated Funds	Amount (£)
a)	Unforeseen emergency/event	£100,000
b)	Unforeseen operational costs/contingency	£80,000
c)	Uncertainty on Income streams	£500,000
d)	Planned Spending Commitments e.g. R&R	Say £1,000,000
	Total	£1,680,000

### ***Grantmaking Criteria***

To be adopted by the Charity Committee at the September 2011 meeting

## Risk Register

### Foreshore Trust (FST) Financial Risks

	Service	Potential Risk	Risk Rating (Likelihood / Impact)	Potential Impact	Responsibility for controls	Steps to mitigate risk, time frame for implementation and latest position
1	FST	Income  Loss of Visitors to Hastings e.g. Major Pollution incident, water quality, major disaster elsewhere in Hastings.	Medium / High	- Budget deficit - Loss of 6 months income would equate to around £½m	- Head of Financial Service - Chief Accountant	- ensure regular budget monitoring reports distributed followed up by meetings  - report variances to Charity Committee so any budget deficits can be addressed - report variances at each meeting - Maintain adequate Reserves
2	FST	Maintain Buildings and Infrastructure  - Need for a long term repair and renewal programme	Low/Medium	- Build up of urgent and costly repairs (Planned maintenance reduces costs)	Building Services	Production, maintenance and regular review of repair and Renewal programme – based on regular inspection of assets. Ensure compliance of lease obligations Maintain and accumulate sufficient funds to finance agreed programme
3	FST	Unforeseen operational expenditure	Medium/High	- Reputation damage - Unable to meet commitments - Legal liabilities	Environmental Services	- Insurance - Maintain adequate Reserves
4	FST	Treasury Management - cash flow - Loss of money/fraud/theft - Reduction of investment Interest - Cost of borrowing	Low/Medium Low / High Low / Low Low / Low	- Trust balances of £2m	Head of Financial Services	- Use of External Advisers - Sector - Ensure staff are well trained - Insurance cover in place for potential fraud and dishonesty and theft - Insurance cover in place for loss of Money - Maintain adequate Reserves
5	FST	Cash collection contract - Firm collapses - Theft by company	Low / Low low / Low	- Loss of money (up to £200k)	Head of Financial Services	- Continue daily monitoring of cash banked - Regular communication with supplier if the contract is not complied with - Insurance

6	FST	Uninsured properties / risks	Low / Medium	<ul style="list-style-type: none"> <li>- Properties not insured</li> <li>- Loss of money in the event of uninsured loss</li> </ul>	Head of Financial Services	<ul style="list-style-type: none"> <li>- Ensure thorough renewals process each year</li> <li>- Make sure we liaise with estates/building services to ensure all properties are properly insured.</li> </ul>
7	FST	Business Continuity	Low/ High	<ul style="list-style-type: none"> <li>- Loss of Income,</li> <li>- Payments not made,</li> <li>- Treasury Management – financial loss</li> </ul>	<ul style="list-style-type: none"> <li>- Head of Financial Services /Chief Accountant</li> </ul>	<ul style="list-style-type: none"> <li>-Robust HBC financial systems</li> <li>- HBC business continuity planning</li> </ul>
8	FST	Loss of key staff	Low / Medium	<ul style="list-style-type: none"> <li>- Stress</li> <li>- Errors / omissions</li> <li>- Financial loss</li> <li>- Poor advice</li> </ul>	<ul style="list-style-type: none"> <li>- Chief Accountant</li> <li>- Head of Financial Services</li> <li>- Personnel, Policies and Strategies</li> <li>- CMG</li> </ul>	<ul style="list-style-type: none"> <li>- Keep staff motivated</li> <li>- Ensure knowledge is shared</li> <li>- Terms and Conditions</li> </ul>
9	FST	Changes in legislation - Financial accounts compliance with Charity SORP	Low / Medium	<ul style="list-style-type: none"> <li>- Failure to produce accounts</li> <li>- Qualified by auditor</li> <li>- Staff time</li> <li>- Staff costs</li> <li>-Reputation undermined</li> </ul>	<ul style="list-style-type: none"> <li>- Head of Financial Services</li> <li>- Chief Accountant</li> </ul>	<ul style="list-style-type: none"> <li>- Work with Manningtons experienced firm</li> <li>- Regular liaison with HBC external auditors (PKF) and also Foreshore Trust auditors (Buzzacotts)</li> <li>- Train staff</li> </ul>
10	FST	Budget settings - No decisions - Late decisions - No processes	Low / Medium	<ul style="list-style-type: none"> <li>- Poor Financial Management</li> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>- Head of Financial Services</li> <li>- Chief Accountant</li> </ul>	<ul style="list-style-type: none"> <li>- Ensure regular budget monitoring reports distributed.</li> <li>- Report variance reporting through performance review</li> <li>- Provide appropriate financial advice to members and officers</li> <li>- Consider Whole life costing of decisions/ projects</li> <li>- Consider Revenue Implications of new projects</li> </ul>