

**Agenda Item No: 6**

**Report to: Charity Committee**

**Date of Meeting: 26 March 2012**

**Report Title: Foreshore Trust - Financial Report (2011/12 Position and 2012/13 Budget)**

**Report By: Head of Financial Services**

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### **Purpose of Report**

To advise members of the Committee on the current year's financial position (2011/12), and agree a budget for 2012/13.

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### **Recommendation(s)**

1. To note the current financial position for 2011/12.
2. The allocation for grants in 2012/13 to be set at £50,000.
3. Approve the proposed expenditure on schemes funded from Reserves.
4. Agree no increase in parking charges for 2012/13
5. Approve the budget for 2012/13
6. Financial monitoring reports continue to be presented to each meeting of the Charity Committee

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### **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 2011/12 and 2012/13 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 2012/13 budget process.

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

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## 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 2010/11 (for comparative purposes), the 2011/12 position – including budget and position at 31 January 2012, and a draft budget for 2012/13.

## Financial Position 2011/12

3. Income streams for the Trust are currently slightly above the Council's original revised budget predictions. The car parking income of the Trust has been enhanced by the land swap with the Council in respect of the Jerwood gallery – previously reported to Council.
4. Appendix 1 identifies the financial position at 31 January 2012. It should be noted that the expenditure incurred in the year is not evenly profiled at present. The estimated surplus on the Trust activities for the year amounts to £179k after direct governance costs.
5. There is also anticipated expenditure of £114k during the year to 31<sup>st</sup> of March 2012 for programmed expenditure (repairs and maintenance/development works).

## Budget 2012/13

6. Appendix 1 identifies a draft budget for 2012/13.
7. Total income is budgeted at £1,037,260 and expenditure at £862,800. The estimated surplus for the year is £174,460, after direct governance costs, but before distribution of grants.
8. In addition expenditure of £682,000 will be incurred in continuation of programme spend (Appendix 2). The level of programmed spend will reduce the cash balances held by the Trust as identified in paragraph 10 below.

## Programmed Spend (Maintenance /Development)

9. The table below summarises the proposed and anticipated programme expenditure for the years ended 31 March 2012 & 2013

	Year to 31 <sup>st</sup> March 2012  £'000	Year to 31 <sup>st</sup> March 2013  £'000	Progress
White Rock Baths – works	35	220	<p>It is anticipated that rubble and asbestos works will start 19<sup>th</sup> on March for approximately 9 weeks.</p> <p>Tenders for concrete and waterproof repairs will be advertised by the end of March.</p> <p>We are in a position to progress with re-instatement of the drainage as soon as it becomes necessary.</p>
White Rock Baths – Project support	0	170	We are awaiting the results of a progress meeting with the developers to confirm programme details.
Cycle route	7	5	The eastern extension was completed and opened in July 2011. Following an operational review with Hastings Urban Bikes some minor improvements will be carried out.
Chalets	0	10	Following advice, we are in the process of applying for planning consent for the 10 new seasonal chalets. These should be purchased and in place for the summer season.
CCTV	25	0	This is a contribution to the installation of a CCTV link and works have commenced on site.

Sea front play exercise –facilities	10	140	Following extensive consultation and a shortlisting and evaluation process a final design has been agreed with Eibe, the selected designer and supplier.  Orders have now been raised and works are expected to start on site by the end of March with all three sites due for completion by end of May 2012.
Sea front play exercise – equipment Adult	0	25	Planning consent has been given for four sites and equipment should be in place for the summer season.
Sea front signage-RNLI standard	0	40	Work will start on this project in September 2012
Sticks of Rock	22	0	Work is currently in progress and the lighting units have already been installed to the columns on Foreshore Trust land.
Pier Area	3	33	Condition surveys have been undertaken.
Other	2	14	
Contingency	10	25	
Total	114	682	

The full programme of works is identified in Appendix 2. The expenditure forecasts contained within the original business plan are effectively updated by this Appendix.

## Reserves

10. The total cash balances on the Trust accounts at the 31 March 2011 amounted to £1,791k. With an estimated surpluses of 2011/12 £179k and 2012/13 £174k, before programmed spend and grants, in 2011/12 the estimated cash balances at 31 March 2012 is £1,803k and at the 31 March 2013 £1,326k (£1,791k at 31 March 2011).
11. 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.

12. 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.

### **Fees and Charges**

13. In preparing the budget no increase in car parking charges has been allowed for. The reduction in parking income locally reflects regional and national trends. Most local authorities have experienced a reduction in car park income which is attributed to the general state of the country's economy but in particular to the rapidly rising cost of fuel and consequent reduction in car use and switch to public transport. Increasing parking charges would simply add to the overall cost of motoring and is considered likely to escalate these trends and lead to further reductions in income. No increase in parking charges is therefore recommended for the coming financial year.

### **Use of Surpluses**

14. 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.
15. In 2011/12 an allocation of £50,000 was made in respect of grants for community purposes. The decision as the amount was deferred until June 2011 as the business plan had yet to be agreed and the level of the prior year surplus was also unknown until that time. A principle was discussed last year 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. In practice the grant panel need to start their work earlier in the year and also have some certainty as to the amount.
16. It is recommended that in light of the estimated surplus and the need for certainty an allocation of £50,000 be made in respect of the 2012/13 budget again for community purposes. This sum would represent an amount slightly in excess of 25% i.e. 29%, but would provide certainty for the allocation of grants and remains affordable.

### **Financial Monitoring and Accounting Arrangements**

17. 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.
18. 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.

19. In order to ensure value for money quotes have been sought for the supply of accounting and audit services. The results of the exercise are identified in a separate report elsewhere on the agenda.

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### **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

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### **Area(s) Affected**

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

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### **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

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### **Background Information**

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#### **Officer to Contact**

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Appendices 1 and 2 cannot be published on the Council's website because of the complex information that they contain. Copies may be obtained from Elaine Wood, principal Committee Administration, email [ewood@hastings.gov.uk](mailto:ewood@hastings.gov.uk) or telephone 01424 451717.

