

# Charity Committee Agenda

**Monday, 23 September 2019 at 6.00 pm**

Council Chamber, Muriel Matters House, Breeds Place, Hastings, TN34 3UY.  
Please enter the building via the Tourist Information Centre entrance.

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democraticservices@hastings.gov.uk

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3. Minutes of previous Charity Committee	1 - 4
4. Notification of any additional urgent items	
5. Minutes of Coastal Users Group (to follow)	
6. 2019-2020 Small Events Grants Round 1 Recommendation Report (Ian Sycamore, External Funding Manager)	5 - 16
7. White Rock Fountain (part 2) (Hannah Brookshaw, Regeneration Manager)	17 - 20
8. (Foreshore Trust) Annual Report and Financial Accounts 2018-19 (Peter Grace, Assistant Director Financial Services and Revenues)	21 - 56
9. Foreshore Trust Finance Report (quarterly monitoring) (Peter Grace, Assistant Director Financial Services and Revenues)	57 - 84
10. Urgent items (if any)	

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17 JUNE 2019

Present: Councillor S Beaney (Chair), Councillor Batsford (Vice-Chair) Councillor Rogers and Chris May (The Protector).

**26. APOLOGIES FOR ABSENCE**

Apologies were received from Peter Grace, Assistant Director, Financial Services and Revenues; and Kevin Boorman, Marketing and Major Projects Manager.

**27. DECLARATIONS OF INTEREST**

None.

**28. MINUTES OF PREVIOUS CHARITY COMMITTEE HELD ON 18 MARCH 2019**

**RESOLVED that the minutes of the Charity Committee held on 18 March 2019 be accepted as a correct record.**

**29. MAINTENANCE - THE SOURCE PARK**

The Assistant Director, Regeneration and Culture presented a report to brief Charity Committee members on the issues of continuing flood mitigation works in the basement of the White Rock Baths, and agree to bring forward the budgeted lines for a second sump pump into the 19/20 financial year.

Due to continued concern of the tenant regarding a catastrophic flood event, and the fact that the position of the current pump, the physical labour needed to service it, and a number of flood events which have happened to date, it is recommended the following initiatives be brought forward into this financial year. Subject to finalising designs and costs with the specialist pump installation firm spending would be as follows:

a. Installing 2 hired sump pumps and raising them on accessible platforms: budget £10,000 one off cost.

Total cost of doubling up hired in sump pump installation to improve resilience: budget maximum annual hire cost of £16,000/annum.

b. Raising the wall mounted lower basement distribution gear & replacing current board: £5,000 one off cost.

c. Annual water jetting clearance of the concealed channels that allow incoming ground water to flow from beneath the main skate bowl towards the lower basement sump pumps: £2000 per annum.

## CHARITY COMMITTEE

17 JUNE 2019

It was confirmed that the Coastal Users' Group endorsed the report at the meeting on 11<sup>th</sup> June.

The Assistant Director informed the Committee that since publication the recommendations have been amended to agree to bring forward £10,000 from the next financial year and £8,000 from the reserves.

Councillor Rogers proposed a motion to approve the recommendations as amended, seconded by Councillor Batsford.

### **RESOLVED (unanimously):**

- 1. That the committee agree to move £10,000 from 20/21 into this financial year and utilise £8,000 from the reserves to pay for the additional sump pump.**
- 2. To commission relevant contactors to undertake work up to the value of £23,000 (inclusive of the £18,000 above, and utilising up to a further £5,000 from reserves) in this financial year.**

### **Reasons for the recommendations:**

Early intervention with regard to flood mitigation works will prove more cost effective in the long term in addressing potential flooding in the lower basement of the White Rock Baths.

### **30. FORESHORE TRUST FINANCE REPORT**

The Assistant Director, Financial Services and Revenues submitted a report to advise members of the Committee on the current year's financial position (2019/20).

The report was presented to the Committee by the Chief Accountant.

The budget agreed in March 2019 identified budgeted income at £1,477,000 and expenditure at £1,296,000. The budgeted operating surplus for the year being £181,000 after direct governance costs, but before distribution of grants, capital charges and before use of Reserves.

Income is currently projected to be below budget by a small amount. The amount of rental income anticipated is now £10,000 less than budgeted for due to void lets taking longer to fill. Investment income and car parking income remain on budget.

Expenditure is expected to be £6,000 below budget. This is due to anticipated £6,000 lower than budgeted maintenance expenditure as the £12,000 per annum put aside for maintaining and operating a water play feature (the White Rock Fountain) will not be incurred in full this financial year.

The combination of the reduced income offset by the lower expenditure will give rise to a net £4,000 increase in the anticipated deficit at the year end. This is now forecast to be £201,000.

## CHARITY COMMITTEE

17 JUNE 2019

Paragraph 10 of the report should read 'The combination of the above variances', not underspends.

Responding to a query raised at the Coastal Users' Group meeting as to why a budget deficit is being planned the Chief Accountant informed the Committee that whilst the Foreshore Trust generates an operating surplus before grants and project costs, once these items are deducted then either a surplus or deficit is made, which is either transferred to or taken out of reserves. The timing of projects and maintenance expenditure can therefore have a material effect on whether an annual surplus or deficit is generated and the timing of these items can vary for a number of reasons. The Chief Accountant also reminded the Committee that as a charity the Trust cannot hold large reserves without them being for a specific purpose. Therefore on occasions the Trust has to run a deficit to utilise its reserves to fund expenditure to meet its charitable purpose.

It was noted that the Coastal Users' Group did not endorse the report as they only received it on the day of the meeting. The Chief Accountant apologised on behalf of the finance team for late submission of the financial report.

The Committee thanked the finance team for their work.

Councillor Batsford proposed a motion to approve the recommendations in the report, seconded by Councillor Rogers.

### **RESOLVED (unanimously):**

**To agree the current financial position for 2019/20.**

#### Reasons for the 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 deficit slightly above budget expectations is anticipated for 2019/20 in respect of operating income and expenses. Once grant and project costs are taken into account an increased deficit of £201,000 is anticipated against a budgeted deficit of £197,000.

### **31. MINUTES OF COASTAL USERS GROUP HELD ON 11 JUNE 2019**

The minutes of the Coastal Users Group (CUG) meeting held on 11 June 2019 were submitted for members to note.

**RESOLVED that the minutes of the Coastal Users Group meeting held on 11 June 2019 be received and noted.**

**CHARITY COMMITTEE**

**17 JUNE 2019**

(The Chair declared the meeting closed at. 6.16 pm)

# Agenda Item 6



**Report to:** Charity Committee Meeting

**Date of Meeting:** 23 September 2019

**Report Title:** Foreshore Trust Small & Events Grants Pilot Round 1 2019-20

**Report By:** Victoria Conheady  
Assistant Director Regeneration and Culture

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## Purpose of Report

1. To present the recommendations of the Grant Advisory Panel (GAP) in respect of applications for the Small and Events Grants Pilot Round 1 2019-20

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## Recommendation(s)

That the meeting:

1. Consider for approval the Small and Events Grants recommendations of the GAP as set out in Appendix 1

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## Reasons for Recommendations

The Grant Advisory Panel has appraised the merits of the applications received for Small and Event Grant support and has made a number of recommendations for grant awards to be funded from the available 2019-20 budget.

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## Background

1. The Foreshore Trust Small and Events Grants Pilot is a small and events grants scheme for voluntary and community groups offering a service or running an event within Hastings & St. Leonards.
2. In September 2018, the Charity Committee approved the development of a pilot for a year April 2019 to March 2020 of a combined event and small grants programme. It was agreed to combine the £30,000 allocated to the current event grants programme and the £60,000 of the small grants programme into one pot for this pilot. This pilot helps address the low uptake of the events grant programme and the high uptake of the small grants.
3. There would be two calls of the pilot programme, one opening in April 2019 with grants awarded in October 2019, and the second opening in October 2019 with grants awarded in March 2020, with the £90,000 allocation split into

two £45,000 pots. This will now enable applicants to apply for events and/or small grants twice throughout the year rather than just once.

4. The pilot programme will be fully evaluated after the first year to see how successful it has been before agreeing to any further rounds.
5. £59,008 is available for Round 1 in the 2019-20 financial year for grants of up to £6,000 each. This represents £45,000 plus a carry-over amount of £14,008 from unspent Events Round 7 (2018-19) allocation.

### **Small and Events Grants Awards 2019-20**

6. The process used to invite and evaluate grant applications was in accordance with the protocols agreed by the Charity Committee in December 2014.
7. The Panel met in July 2019 to discuss the respective merits of each application. Its recommendations are set out in the report from the Panel Chair (Appendix 1).
8. All of the applications for funding were assessed in terms of the organisations' ability to deliver their proposals, how closely the proposed activities match the priorities of the Charity Committee, value for money and a fair distribution of funds amongst all the priorities and members of the community.
9. In total, 15 projects are recommended for approval with some of these subject to conditions. All of the approved projects are to be delivered between October 2019 and September 2020. The amount recommended totals £58,737.39.

### **Policy Implications**

10. The Foreshore Trust's Grants Schemes support activities that impact positively on the social and economic wellbeing of residents in the Borough, as well as assisting organisations in delivering a range of activities for local people that might otherwise be unavailable. Additionally, the priorities of the Events Grants are to provide assistance to projects that increase the number of people participating in healthy and enjoyable activities along the seafront and that celebrate and enhance cultural diversity.

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### **Wards Affected**

All

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### **Policy Implications**

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

Equalities and Community Cohesiveness	Yes
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

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### **Additional Information**

Appendix 1 – Report by the Chair of the Grants Advisory Panel with the Panel's recommendations for Small & Events Grants Pilot Round 1 2019-20.

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### **Officer to Contact**

Ian Sycamore  
isycamore@hastings.gov.uk  
01424 45 1339

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**Report to:** Charity Committee Meeting

**Date of Meeting:** 23 September 2019

**Report Title:** Foreshore Trust Small & Events Grants Pilot Round 1 2019-2020 Recommendations

**Report By:** Andrew Colquhoun  
Chair, Foreshore Trust Grants Advisory Panel

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### **Purpose of Report**

1. To make recommendations as to which organisations should be funded under the Foreshore Trust Small & Events Grants Pilot Round 1 2019-2020 and the allocations that will be made to each.

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### **Recommendation(s)**

1. To consider the Grant Advisory Panel's (GAP) recommendation to award small and events grants to the organisations shown in Appendix A.

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### **Reasons for Recommendations**

1. The recommended organisations for grant funding have been selected following an open application process, and awarded to those considered by the GAP to best meet the Foreshore Trust's aims and objectives.

## Introduction

1. The Foreshore Trust Small and Events Grants Pilot is a small and events grants scheme for voluntary and community groups offering a service or running an event within Hastings & St. Leonards. £59,008 is available for Round 1 in the 2019-2020 financial year for grants of up to £6,000 each.
2. Hastings Borough Council, as administrator for the Foreshore Trust Grants Programme, advertised this pilot in early April 2019 in the Hastings Voluntary Action newsletter, the Hastings Observer and in East Sussex County Council's external funding newsletter. An e-mail was also circulated to all previous Foreshore Trust grant applicants. The deadline for receipt of applications was 10 June 2019.

## Assessment of applications

3. A total of 65 enquiries were made and by the closing date, 29 applications were actually received. One application was ineligible meaning that 28 applications with a total amount requested of £144,482.49 were assessed.
4. The GAP met on 10 July 2019 to review and score the applications. As in previous years the GAP members were paired up for the initial assessments and these were then jointly reviewed at the meeting.
5. All GAP members had previously declared conflicts of interest which precluded them from appraising applications from particular organisations.
6. In assessing the applications, the GAP attempted to ensure they were assessed in terms of the organisations' ability to deliver their proposals, how closely the proposed activities match the priorities of the Charity Committee, value for money and a fair distribution of funds amongst all the priorities and members of the community.
7. Following a full assessment process, GAP members agreed to the recommendations shown in Appendix A.
8. Of the 28 applications considered, GAP recommends to the Charity Committee that 15 of these be approved for funding at various levels, with some subject to conditions. All the projects are to be delivered within a year of approval of the grant.

## Policy Implications

9. The Foreshore Trust's Grants Programme is a funding regime that will impact positively on the economic and financial environment in the Borough, and will assist organisations in delivering a range of activities for local people.

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## Wards Affected

All

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## Policy Implications

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

Equalities and Community Cohesiveness	Yes
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

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## Additional Information

Appendix A – Foreshore Trust Small & Events Grants Pilot Round 1 2019-2020  
Recommendations

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## Officer to Contact

Ian Sycamore  
[isycamore@hastings.gov.uk](mailto:isycamore@hastings.gov.uk)  
01424 45 1339

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## Appendix A – Foreshore Trust Small and Events Grants Pilot Round 1 GAP Recommendations

### Foreshore Trust Small and Events Grants Pilot Round 1 2019-20 – Recommended applications

Applicant	Project Name	Funding recommended	Reasons for Recommendations
Actors of Dionysus (aod)	<p><b>Greek drama workshop project</b></p> <p>To further the organisation's charitable aim to keep Greek drama alive, accessible and enjoyable for a contemporary audience, they want to continue to run their successful free Greek drama workshop campaign - Offering state school and college students in the areas of Hastings and St Leonards the opportunity to take part in professional, tailor made workshops which follow the curriculum and are designed to support and enhance their learning and understanding of ancient Greek drama.</p>	£1,449.00	The panel felt this proposal offered a unique opportunity for local students to learn about Greek history and that this probably is something that would not be accessible to state schools generally due to funding limitations. Numbers who will benefit are fairly small but the panel felt it is a valuable project, which would afford local children opportunities probably only available to privately educated children. The panel wanted to know if the schools identified on the application have committed to the activity, and agreed that this would be a condition of the grant.
Hastings & St Leonards CAP Debt Advice	<p><b>Relief &amp; prevention of poverty caused by debt</b></p> <p>The organisation continue to provide Life Skills courses at two church venues in town to teach the skills needed to prevent residents getting into debt. They also provide full home-delivered debt repayment plans to families and individuals in our town who have unmanageable levels of debt with the majority of these either being put on a monthly repayment program through us up to 4 years or applying to the courts for a DRO or Bankruptcy.</p>	£4,800.00	The panel felt that this was a much needed service supporting local vulnerable people to either avoid getting into debt or to help them become debt free. It is a known organisation with a good history of delivering a successful service.
CDA for Family Support Work	<p><b>Active Horizons at Family Support Work (FSW)</b></p> <p>Active Horizons project will provide an afterschool club and holiday activities to 70 children and young people aged 5-14 years old who are disadvantaged for many reasons including experiencing poverty and feeling marginalised and disengaged. This project will enable young people to build their self-esteem, learn new skills and engage with the community.</p>	£4,000.00	The grant request is for the continuation of an existing scheme and it would cover the cost of a new playworker to support marginalised families through activities and an after school club. The panel felt that the demand for new playworker was clearly explained and liked the wide reach of the service and that the children can use the services for as long as they need to. The panel wanted to know whether this was a completely new post or if not whether the hours are additional to the existing service provided.

Counselling Plus Community	<p><b>Supporting Positive Mental Health of Local Young People</b></p> <p>Providing professional and effective counselling for 20 young people aged 16-24 who are experiencing mental health crises often resulting in self-harm and suicidal ideation and other harmful behaviour. The organisation will be providing immediate support, as their extensive experience shows that this is required by young people.</p>	£3,000.00	The panel felt that this is a much needed service however they raised concerns about dependence as a similar service has been funded by the programme a number of times previously. The panel agreed that the organisation has an excellent long-standing experience of delivering counselling services and that they would be recommending the application for funding with feedback about their concerns about reliance on the Foreshore Trust for some of their funding.
Hastings & Rother YMCA	<p><b>Replace the Windows of the Art Shack and add a Portable Ramp</b></p> <p>the organisation was fortunate to secure funding to repair and refurbish parts of the Art Shack but now need to replace the windows and have a portable wheelchair ramp to complete the project.</p>	£4,566.00	The panel felt that this project completes a useful community project improving the environment for those using the current facility and the additions will enhance the learning opportunities for many different groups and future users of the Art Shack.
Hastings Arts Forum Ltd	<p><b>“Drawn to Life” Big Draw weekend</b></p> <p>In 2019 The Big Draw Festival theme 'Drawn to Life' focuses on the vital role of creativity for health and wellbeing. As 'social prescribing' gains greater recognition as an effective tool for living a healthier and happier life; creating opportunities for accessible, fun, creative events has become more important than ever. The event is free, and everyone is welcome.</p>	£2,301.89	The panel felt that this is a lovely informal and encouraging event, which is part of the national Big Draw project, and free to all groups in the community and people of all ages. The application included a well itemised budget, which was relatively low-cost, and included reasonably priced artists' costs, however, it included gallery rental, which is ineligible, as HAF owns the gallery.
Hastings Fat Tuesday Ltd	<p><b>Umbrella Parade and pre-parade workshops</b></p> <p>The Umbrella Parade is an open access celebratory event for children, families and adults to parade their decorated umbrellas from the Stade to the White Rock Hotel during Hastings Fat Tuesday music festival 2020. Prior to the Parade, eight free half day umbrella decorating workshops will take place in schools and community centres. Supporting the Parade will be Hastings Fat Tuesday (HFT) volunteers recruited from across Hastings and St Leonards.</p>	£2,927.50	The panel felt that this is a popular event which is of benefit to young people's creative skills that targets young people from deprived areas of the town. The panel agreed that the benefits suggested in the application are for a large number of participants and spectators, however if the weather is poor these will be less. The match funding is not secured and the panel agreed that if the application is successful an approval condition is to be put in place that this must be confirmed before the grant can be released.

<p>Hastings Fishermens Protection Society</p>	<p><b>Project BEACHED</b> Hastings Fishermen Protection Society wish to collaborate with Radiator Arts was to raise the profile and reduce the carbon foot print on the local marine environment, to design and make a Leviathan creature as a centre piece for parades and festivals that can be used and easily changed to suit the venue or the theme of the event.</p>	<p>£4,760.00</p>	<p>The panel thought this was an interesting well thought out idea, but was unsure how it reduced the carbon footprint, and liked the idea that the project can create something which has a longer life than the project and can be used for other events. The panel raised concerns about the costs for the hire of space for meetings &amp; making and asked that another cost be funded from the grant instead of that.</p>
<p>Hastings Furniture Service</p>	<p><b>Workshop on Wheels (WoW)</b> WoW goes to various community venues over a year, providing workshop places for a minimum of 50 participants - making DIY, craft and other creative activities accessible to a range of vulnerable people unable to access town centre provision. The benefits to people suffering trauma, poor mental health, isolation, poverty and unemployment have already been observed through our work in the Hastings Women's Refuge and social housing areas.</p>	<p>£6,000.00</p>	<p>The panel felt this was a good idea from a well-established organisation with a proven track record of delivery of this type of activity. The panel liked that the idea of trying to reach people directly and that it would have a wide community reach.</p>
<p>The Parochial Church Council of the Ecclesiastical Parish of Holy Trinity Hastings</p>	<p><b>Safehaven Men</b> A non-religious, safe place each Monday for vulnerable and homeless men and those in the street community to relax in, have bacon rolls, play games, and make friends and build relationships. Safehaven Men offers art sessions to build relationships, develop skills and help guests express themselves. It's an inclusive opportunity where men can talk openly and confidentially with volunteers, experience excellent hospitality and receive support or signposting to external organisations that assist with housing, recovery, employment support, debt advice. From time-to-time, the project distributes food to the street community throughout the town centre.</p>	<p>£3,865.00</p>	<p>The panel felt this was as potentially important beneficial activity that is the continuation of an existing service and if successful they could reach a significant number of beneficiaries over the 12 months of the funding.</p>

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Sussex Prisoners' Families	<p><b>Sussex Prisoners' Families</b></p> <p>Sussex Prisoners' Families reaches into the communities of Hastings and St. Leonards and the criminal court of Hastings to provide practical advice and emotional support to families who are experiencing the emotional, financial and social challenges of having a loved one in the criminal justice system or in prison.</p>	£5,800.00	The panel agreed that this is a great project that provides a very beneficial service. However, they expressed concern that this has been funded a number of times before and concern was raised about their dependency on the programme. The panel agreed that they did not want to recommend funding the staffing costs, but agreed that they were happy that the grant could contribute to the rest of the budget costs.
The Conservation Volunteers (TCV)	<p><b>Hastings Health Walks</b></p> <p>The Hastings Health Walk project is a social prescription to provide free (to user), short and easy health walks thereby supporting those who are not active enough to increase their physical activity levels and improve their health &amp; wellbeing. The walks are aimed at residents of Hastings who fall into the following categories:</p> <ul style="list-style-type: none"> <li>• Older people</li> <li>• People with certain health conditions</li> <li>• People at risk of health inequalities</li> <li>• People at risk of social isolation.</li> </ul>	£3,000	The panel felt this was a good sound idea to help increase opportunities for people to participate in short health walks. The panel agreed that the activity supports a wide number of beneficiaries with varying health problems across the Borough and liked that volunteers are involved in the process.
The Athelstan Nursery	<p><b>Communication and Language friendly space for families</b></p> <p>With an increase in the number of vulnerable families accessing the nursery and the number of children/parents requiring additional support and advice around Speech and language and other additional needs, the organisation aims to create a space which will enable them to deliver targeted support and offer families training sessions, a space to meet and courses to support and enhance children learning and development.</p>	£6,000.00	The panel liked this proposal to redevelop a small area to provide a break-away and communication friendly space for more targeted activities and to support children in their care with special needs, and agreed that the changes would have a noticeable impact on the children, families and staff members.
The Sara Lee Trust	<p><b>Provision of free specialist counselling and complementary therapy</b></p> <p>The organisation cares for some of the most vulnerable and isolated people in our local community. The Trust improves the quality of life of people affected by cancer and other life threatening illnesses (including family members, carers and loved ones) in Hastings and St Leonards through the provision of free of</p>	£2,000	The panel felt this was a well written application that describes the service provision well from a competent specialist organisation, however they raised concerns about dependence as the same service has been funded by the programme previously. The proposal included clear description of the referrals, the beneficiaries participating and how this would extend the service.

	charge counselling support and therapy care. Local need far exceeds our current capacity and they are applying for funding to provide care for 50 local people.		
Xtrax (Hastings and Rother Drop-In Centre)	<p><b>Reaching Young People</b></p> <p>A 6 month pilot outreach project to engage with young people in central Hastings and St Leonards where anti-social behaviour is concerning the community. Having engaged with the young people on Friday evenings from 8-10pm, workers will encourage them to visit Xtrax to address issues they may be facing and to help them reconnect positively with education, employment and the community.</p>	£4,268.00	The panel felt this was a great idea from a known organisation with a good track record for working with disadvantaged young people and that the activity is clearly needed. The need for the project and the difference made was well described, however, there was no sustainability strategy, the long-term benefits and impact was not stated, and there was no mention of an evaluation: the panel agreed that this would need to be a condition of the funding if this application is approved.
<b>Total</b>		<b>£58,737.39</b>	

# Agenda Item 7

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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# Agenda Item 8



**Report to:** Charity Committee

**Date of Meeting:** 23 September 2019

**Report Title:** Foreshore Trust – Annual Report and Final Accounts 2018-19

**Report By:** Peter Grace, Assistant Director of Financial Services and Revenues (Chief Finance Officer)

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## **Purpose of Report**

The purpose of this is for members of the Committee to consider the 2018/19 Annual Report and Financial Accounts.

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## **Recommendation(s)**

**1. To agree the Annual Report and Financial Accounts 2018-19**

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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.

The Council as Trustee, through the Charity Committee, is authorised to approve the annual report and accounts which must be done by the 30<sup>th</sup> September each year.

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## Introduction

1. The Annual Report and Accounts are attached to this report. The Council has received an unqualified opinion on the accounts from the external auditor, Manningtons.
2. The Committee is recommended to approve the Annual Report and Accounts.

## Final position 2018/19

3. A surplus of £234,000 was achieved as detailed in the Statement of Financial Activities section of the Trustee's report which was above expectations, principally due to lower than budgeted expenditure on projects.
4. In terms of net current assets (effectively the cash position) the balance is £1,685,123 as at 31 March 2019, whilst total funds (which includes all assets) amount to £2,810,745.
5. The balance sheet note<sup>14</sup> identifies the cash reserve as the Contingency Reserve £900,000 and the Main Programme Reserve of £599,208 totalling £1,499,208. This is different from the effective cash position as it takes into account the outstanding long term loan from Hastings Borough Council of £185,915.
6. The business plan identifies commitments amounting to £437,000 which will be funded from reserves and the ongoing budgeted surpluses.

## Reserves

7. A reserve policy was agreed at the Committee's 24 September 2018 meeting and is due to be reviewed and approved again in a separate report at tonight's meeting. It remains appropriate to consider the reserve policy on a regular basis.

## Timetable of Next Steps

1. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Continued quarterly monitoring	Each financial quarter	Charity Committee Meetings	Chief Accountant
Review of 2018/19 under/over spends	2020/21 budget	March 2020	Chief Finance Officer

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**Wards Affected**

None

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**Implications**

Relevant project tools applied? Yes

Have you checked this report for plain English and readability? Yes. Flesch-Kincaid grade level 12.8.

Climate change implications considered? N/A

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
Anti-Poverty	No

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**Additional Information**

Appendix 1 – Annual Report and Financial Statements

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**Officer to Contact**

Peter Grace  
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Charity registration number: 1105649

# Hastings and St Leonards Foreshore Charitable Trust

Annual Report and Financial Statements

for the Year Ended 31 March 2019

# Hastings and St Leonards Foreshore Charitable Trust

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## Hastings and St Leonards Foreshore Charitable Trust

### Reference and Administrative Details

<b>Trustee</b>	Hastings Borough Council
<b>Other Officers</b>	Councillor Andy Batsford, Committee Member (Appointed 10 July 2017) Councillor Sue Beaney, Committee Chair (Appointed 17 May 2017) Councillor Judy Rogers, Committee Member (Appointed 16 May 2018)
<b>Charity Registration Number</b>	1105649
<b>Bankers</b>	Lloyds Bank 17 Wellington Place Hastings TN31 1NX
<b>Auditor</b>	Manningtons 39 High Street Battle East Sussex TN33 0EE
<b>Protector</b>	Christopher May MA, FCA Froghole Oast House Crockham Hill Edenbridge Kent TN8 6TD

# Hastings and St Leonards Foreshore Charitable Trust

## Trustee's Report

The Trustee presents the annual report together with the financial statements and auditors' report of the charity for the year ended 31 March 2019.

### Structure Governance and Management

#### *Overview*

The governing documents of the Charity are a conveyance from the Crown to Hastings Corporation dated 8 September 1893 and Charity Commission Scheme ref. no, 981/1011 made on 13 January 2011 (the 2011 Scheme).

The 1893 Conveyance provides that the length of foreshore between Ecclesbourne Glen and Grosvenor Gardens shall be held for the common use, benefit and enjoyment of Her Majesty's subjects and the public generally for ever. Later conveyances in 1925, 1933 and 1934 conveyed the remainder of the foreshore to the Hastings Corporation on the same Trusts.

The Hastings Borough Council Act 1988 varies the Trust to permit certain uses on delineated areas of land and for the Council to charge for that use, whether provided by the Council itself or by another on the Council's behalf.

The 2011 Scheme extended the objects of the Charity to include such charitable purposes within the Borough of Hastings as the Trustee thinks fit.

The 2011 Scheme had the effect of revoking the Charity Commission Scheme dated 22 March 2006 which appointed independent Trustees and Council nominated Trustees and appointed Hastings Borough Council as the Trustee for all purposes. This report is prepared by the Trustee as required under the 2011 Scheme.

#### *Significant changes*

New Grants Advisory Panel member Kerry Fellows was appointed in December 2018 replacing a retiring member.

#### *Governance*

##### i) 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 Local Government Act 2000 introduced executive decision making and the legislation provided for a split between decisions which are reserved to the Council, to the Executive or according to local choice. Where the function in question is not reserved to Council or a local choice function, the default provision in the legislation is that the function and decision-making relating to it are the preserve of the executive. This represents the position regarding the Council's function or power to administer charities, that is to say that 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. This means that for the Foreshore Trust, the Council as Trustee, acts through the Charity Committee of Cabinet.

##### ii) The Protector

When considering the request of the former independent Trustees to appoint the Council as Trustee, the Commission was concerned regarding the potential conflict of interest between the Council's position as charitable Trustee and as local authority and how to address this. Part of the solution was the requirement in the 2011 Scheme for the appointment of a Protector, who is required to be a qualified accountant.

# Hastings and St Leonards Foreshore Charitable Trust

## Trustee's Report

The present Protector is Christopher May, MA, FCA, who was appointed as first Protector and has been subsequently re-appointed for two further three year terms of office. The role of the Protector is essentially to act as whistle blower and watchdog against the Council acting in breach of trust and to guard against situations where a conflict of interest is not being managed properly. As a chartered accountant he is equipped to scrutinise the Council's charity accounts. The Protector is required to report any matters of serious concern to the Charity Commission and must prepare an annual report on his activities for inclusion in the Charity's Annual Report.

### Consultation

The 2011 Scheme makes provision for consultation in two areas of the Charity's operation. Namely:-

i) Coastal Users' Group The Trustee is required to consult with and have regard to the recommendations of the Coastal Users' Group (CUG) in relation to certain matters, namely:-

- the standards or specifications for the maintenance of the charity's land.
- the Charity's policy relating to events and activities to be held on the Charity's land and any event/activity outside 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
- the exercise of the powers under the previous bullet otherwise than in accordance with the agreed policy.

The CUG was an existing consultative group set up by the Council as local authority to consult with interested parties in relation to matters affecting the front line of the Council's area. It became the Coastal Advisory Group as required by the 2011 Scheme after adopting a formal constitution and rules for membership in early 2011. The minutes of its meetings, in so far as they relate to Foreshore Trust matters, are included in the reports submitted to each Charity Committee meeting. The CUG meets before each Charity Committee meeting (four times a year) to consider and comment on reports being submitted to the Charity Committee. The CUG is consulted each time the Foreshore Trust Business Plan is revised. During 2018-19, they were also consulted on the Seafront Cycle Hire and Deckchair service, the White Rock Fountain project, replacement of the RNLi barrier and the East Hastings Sea Angling Association gate with new electronic gate systems, a feasibility study for the Rock-a-Nore car park, the Cultural Development Fund submission, Small Grants and Events Grants, RNLi Lifeguard provision and various leases.

ii) Grant Advisory Panel

The object to distribute surpluses, after meeting the costs of administering the Charity and managing its assets, including the repair and insurance of its land and buildings, through grants for charitable purposes in the Borough, are subject to consultation with the Grant Advisory Panel. The 2011 Scheme provides that consultation is to take place concerning the grant criteria, grant processes and grant determinations. The Grants Advisory Panel successfully concluded the process of prioritising the 2018/19 year's round of grant making, resulting in the award of grants totalling £60,000 and grants for events totalling £23,362 (2017-18 £49,538 and events £20,095). The following grants were awarded:

Organisation	Project	Grant Awarded
Age UK East Sussex	Volunteer Opportunities at Age UK East Sussex Information Centre in Hastings	£4,121
Baby Basics Hastings (part of King's Church)	Baby Basics Hastings	£3,500
Bexleigh, Hythe and Abbey Drive Residents Association	Sophie's play space a space for all	£5,000
Citizens Advice 1066	Development of Pro Bono Law Clinics for Hastings	£4,417

## Hastings and St Leonards Foreshore Charitable Trust

### Trustee's Report

Counselling Plus Community (CPC)	Stability After Crisis: preventing suicide	£4,990
Hastings & St Leonards Voluntary Lifeguard Club	Community participation in all levels of Resuscitation and use of community AED	£1,501
Hastings Advice and Representation Centre HARC	Challenging and Improving the DWP Health Assessment Process	£5,000
Hastings and District Interfaith Forum	Winter Festival of Faiths and Cultures	£800
Hastings Sinfonia	Hastings Sinfonia's "Fiesta" Summer Concert 2019	£750
Hastings Street Pastors	Hastings Street Pastors	£4,605
Hastings District Woodcraft Folk	Training	£1,614
Home Live Art	Home Live Art: Queer Performance Salon	£2,500
Home-Start East Sussex	Hastings Freedom Reflective Domestic Abuse Course	£4,999
Oasis Community Project – East Hastings	Oasis Men's group	£3,982
Stay Up Late	Gig Buddies	£3,100
The Sara Lee Trust	Specialist counselling and complementary therapy provision	£5,000
Hastings & Rother YMCA	Cabin Revival	£4,121
<b>Total Small Grants</b>		<b>£60,000</b>
Carousel Events	Carousel: Interactive Film Events for Families	£2,000
Creative Space Science CIC	Astronomy Nights	£2,000
Energise Sussex Coast	Sustainability Week Launch Event	£2,000
Hastings Borough Bonfire Society	Hastings Bonfire	£2,000
Hastings Old Town Carnival Association	Hastings Old Town Carnival Celebrates	£2,000
Hastings Storytelling Festival Ltd	Free children's puppetry for Children's Day at the Stade	£2,000
HVA / 'Love Hastings Love Yourself'	Love Hastings Love Yourself Fitness Rave	£1,696
Radiator Arts	Chaos Cart	£1,666
Seaview	The Big Sleep Hastings 2018	£2,000
St Leonards Festival	St Leonards Festival 2018	£2,000
Sussex Concepts CIC	Hastings Pirates Day	£2,000
Sustrans	1066 Cycling Festival - 2018	£2,000
<b>Total Events Grants</b>		<b>£23,362</b>

# Hastings and St Leonards Foreshore Charitable Trust

## Trustee's Report

### *Delegation to Officers*

At its first meeting on 25 January 2011, the Charity Committee agreed a Scheme of Delegation to Officers. From the 1 April 2012 the Scheme of Delegations has required amending, replacing the Chief Executive with an appropriate Director and his/her nominee as a result of a senior management restructure. The new Scheme of Delegations follows the pattern of the Council's Scheme of Delegations to Officers, in that the appropriate Director or their duly authorised nominee is authorised within the plan and budget agreed by the Charity Committee to undertake the day to day operation and management of the Charity. The authority is general and subject to certain exceptions including the disposal of land, use of the Charity's land for events outside of the agreed policy, grants for charitable purposes and specification for and the award of contracts affecting the Charity, which are all subject to consultation and then the decision of the Charity Committee. The Scheme of Delegation emphasises that the Directors or their nominees acting under the delegations must be mindful that they are acting on behalf of the Charity and not the Council and ensure that at all times they act in the best interests of the Charity.

The officers authorised for most purposes affecting the Charity's day to day operation and management are:

- Victoria Conheady, Assistant Director Regeneration and Culture.
- Peter Grace, Assistant Director Financial Services and Revenues (Chief Finance Officer)
- Amy Terry, Estates Manager
- Christine Barkshire-Jones is the Monitoring Officer and the Chief Legal Officer, and is also the Authorised Signatory on behalf of the Charity

In case of actual or potential conflict of interest for officers, independent advisors are instructed on behalf of the Charity e.g. surveyors.

### **Training and Induction for the Trustee**

Training is provided for members and officers covering training on the history of the Trust, the constitutional documentation of the Trust and how to put those into effect.

Training has been offered to all members of the Council to raise awareness and to keep them advised.

### **Risk Management**

The charity maintains a risk register and formally reviews this on an annual basis when determining the reserves policy. Initially this identified the key financial risks facing the Trust, but continues to be developed to include the identification of all significant risks (it also includes the identification of relevant controls to mitigate and responsibilities).

### **Objectives**

The 2011 Scheme states the objects of the Charity to be:-

- (i) to hold and maintain the charity's land for the objects set out in the trusts of the Charity, namely for the common use, benefit and enjoyment of all Her Majesty's subjects and of the public for the time being for ever; and
- (ii) subject to (i) above, such charitable purposes within the area of the Borough of Hastings as the Trustee thinks fit.

The Scheme expressly provides that income and capital are first to be applied in meeting the proper costs of administering the Charity and of managing its assets including the repair and insurance of its land and buildings. After payment of these costs, the Trustee must apply the remaining income in furthering the objects of the Charity.

# Hastings and St Leonards Foreshore Charitable Trust

## Trustee's Report

### Achievements and Performance

This has been the eighth full financial year for the Council as Trustee of the Foreshore Trust. The Charity Committee met four times during the year and the main business has been:

- The adoption of the Trust's new rolling five-year Business Plan;
- The eighth round of small grant awards (up to £5,000) to local charitable organisations;
- The sixth round of grants (up to £2,000) for events on Foreshore Trust land;
- Agreement of the budget for 2018/19 and financial report.

### Built Assets:

- The Stade Open Space** was again a highly accessible and attractive venue for public events, including the three annual fish fairs and the Stade Saturdays' eclectic cultural program. The Stade Open Space also hosted a classic car show, a commercial vehicle show, the Storytelling Festival and the Christmas on the Coast event amongst others. The Open space saw 29 bookings in 2018/19.
- The Stade Hall** continued to be a popular venue for community activities, hosting all sorts of events including charity workshops, exhibitions and supporting large town wide events such as Pirate Day, the Old Town Carnival and Hastings Bonfire. Classroom on the Coast project officers worked with Billingsgate Seafood Training to introduce demonstrations and paid-for fish cookery classes which, alongside other private booking, stimulated some interest in the facility as a cookery training venue. The establishment of the Stade Hall, the Classroom on the Coast and the Open Space was made possible by a series of grants, and on the basis that that these community oriented facilities become self-sustaining. Further European Maritime Fisheries Fund grants provided dedicated resources to market the facilities and develop a sustainable cookery school. The Hall was booked a total of 77 times during 18/19, however 31 of them was via grant aid through a FLAG project.
- Classroom on the Coast**, through development with FLAG (Fisheries local action group) 2 and regeneration officers, worked with Billingsgate Seafood Training School to introduce demonstrations and paid-for fish cookery classes which, alongside other private booking, stimulated some interest in the facility as a cookery training venue.
- The Stade Open Space**, the Stade Hall and, to a lesser extent, Classroom on the Coast (Stade facilities), continue to be popular venues for a range of community activity. The original aim was that these facilities would become self-sustaining, but this has not proven to be the case. Although bookings of the Stade Hall and the Classroom on the Coast bring in some income for the Foreshore Trust, this income by no means covers the ongoing operational and repair costs.

As such the Trust agreed to seek proposals for alternative management models.

In the last quarter of 17/18 the Trust sought proposals from charitable or not-for-profit organisations interested in taking on the operations of the Stade Hall and Classroom on the Coast. Three expressions of interest were received. After evaluation by officers, a recommendation to the trust has been made, with an expectation that the classroom and Stade Hall will be leased to a nonprofit organisation during 18/19 for a period of up to 5 years.

East Sussex College Hastings took over the management of Stade Hall and the Classroom on the Coast from January 2019 for a period of 5 years, with break clause in years 1 and 3.



# Hastings and St Leonards Foreshore Charitable Trust

## Trustee's Report

- (v) **White Rock Baths.** The White Rock Baths is the Trust's most significant building and was derelict for many years. The turnaround of this building began with the refurbishment of a small portion of the above-ground structure and its fit-out for use by the Hastings Pier Charity as a centre for their educational and promotional activities. Following this, a number of successful funding applications by the Council on behalf of the Trust enabled major repairs and refurbishment of the former main and smaller pool halls and ancillary areas for occupation by The Source under a ten year lease. The Source opened its new BMX and skateboard venue in White Rock Baths in early 2016. Many original features have been retained as part of the refurbishment, including some of the mosaic tiling for the Turkish baths that were part of the original underground complex built in the late 1800s. The venue has had positive national and international press attention, and is attracting a new, younger range of visitors to this part of the seafront. The re-use of this historic building has already generated a new vibrancy and increased footfall to this formerly underused part of the seafront. Building on the success of the first year of success a further collaborative bid was made to the Coastal Communities Fund which builds on this asset. This included revenue activities throughout 2017/18 and 2018/19 with completion by December 2019:

- Delivery of an Olympic Inspired coaching programme, with purchase of movable ramp facility to support this to take it out into the community
- Delivery of 12 BMX / skateboard events over 2 years (international, national, regional, local)

Outputs during 2017/18 were as follows:

- Recruitment of 3 coaches and delivery of weekly coaching sessions (October 17 onwards)
- Delivered x3 events (x1 international, x1 national, x1 regional)
- Increase in visitor numbers: 10,300 (target of 9,090)

Outputs completed in 2018:

- Expansion and continuation of coaching programme
- Delivery of 9 events

The revenue elements of the programme will complete by March 2019.

- (vi) **Beach Chalets:** The Trust approved plans for the establishment of 12 chalets on the beach in the White Rock area east of Hastings Pier. These have been let on a rolling basis from 2017/18 onwards. Installation was completed in October 2017, with all chalets being occupied during summer 2018.

### **Beach, Promenade and surrounding environs:**

- (vii) A major project to improve the town's defences against beach erosion and marine flooding commenced with the repair of one rock groyne and the building of a new rock groyne on the beach between White Rock Baths and Hastings Pier. The second phase of this project, which involves repairs to the Harbour Arm, commenced in 2017/18 and completed in 2018/19.
- (viii) The beach at the Marina achieved Blue Flag status and Pelham achieved Seaside award status. Significantly, following a high profile multi-agency Council-led project involving Southern Water Services and the Environment Agency, the quality of the bathing water at Pelham beach was significantly improved. It had been predicted that the Pelham beach bathing water would fail the new EU standards starting in 2015. This very successful project resulted in the following: Pelham Beach achieved 'Sufficient', and St Leonards Beach achieved 'Excellent'. Bathing water results also achieved for 2018 qualification, Blue Flag and Beach Award status were also confirmed for 2018.

# Hastings and St Leonards Foreshore Charitable Trust

## Trustee's Report

- (ix) In the latter part of 2016/17, the Trust entered into a one-season agreement with the Royal National Lifeboat Institution (RNLI) to operate a lifeguard service from May until September. The agreement includes an audit of signage and a sharing of the costs of necessary replacement. As a result the RNLI were appointed to operate the lifeguard service for three years 2018 - 2021 inclusive (at a lower cost than the council operated the service, for longer periods of operation). Prior to the 2017 season, the Council as trustee, recruited, trained and managed the lifeguards through the services of an independent contractor, although it directly employed them. The RNLI now provides a comparable service at a lower cost. The RNLI currently also provides a 24/7 on-call lifeboat service to cover search and rescue requirements within 100 nautical miles from the coast of the UK and the Republic of Ireland, and provides beach lifeguard services on many south coast beaches, including Camber Sands and Bexhill in addition to Hastings.
- (x) The project to upgrade the Council's CCTV network and control room was completed in spring 2017. The extensive CCTV network we now have was originally developed to improve security and deter car crime in the Council's off-street car parks in the 1990s. Whilst that original work was extremely successful, by 2015 the system was obsolete and almost impossible to maintain. This was replaced by a modern system that provides much better quality images, and is significantly more resilient. It is monitored from a brand new CCTV control room in the lower ground floor of Muriel Matters House, which is a much better working environment for the staff than the previous control room in the Carlisle underground car park complex.

### Grounds Maintenance

- (xi) The Trust participated with Hastings Borough Council, Rother District Council and Amicus Horizon in a joint procurement of grounds maintenance services. The resulting 10 year contract, effective from 6 November 2012, has produced significant savings for the partners. For the Trust, the annual cost of seafront grounds maintenance has reduced. No significant changes to the foreshore grounds maintenance contract have occurred since 2012. The original grounds maintenance contractor, The Landscape Group, was taken over by French company Idverde in the autumn of 2016.

### External Funding:

- (xii) Through the European Maritime Fisheries Funding (EMFF) Community Led or FLAG Funding the FST and its environs has benefited from this funding for a number of years. This current round or FLAG 2 had the requirement that all funding needed to be committed and approved by the 31st March 2019. In this round FLAG has committed £630,000 of funding to 19 projects. The remainder of the funding will be spent on Management and Administration, which is undertaken by Hastings Borough Council.
- (xiii) Projects which have benefited the Foreshore Trust and its immediate surrounds include a new community ice maker based in Hastings Fish Market that the Foreshore Trust match funded. Education Futures Trust are running the Aspiring Chef's Academy in Classroom on the Coast for Hastings school pupils who are disengaged in school but have an interest in cooking or working within fishing. They host a pop-up restaurant once a week in the Stade Hall. Thrive Tribe and One You East Sussex have a dedicated Health Coach based on the Stade to support fishermen and their families to lead healthy lifestyles and Hastings Borough Council and Marine Conservation Society are running both capital and revenue projects to help prevent marine litter in the Town. Research projects into cuttlefish in addition to feasibility and research studies on sustainable inshore fishing communities have also been funded. Capital projects included the Stade Barriers project. Further EMFF funding was also drawn down by fishermen, with the support of FLAG funded staff, and has resulted in projects including boat improvement and bulldozer purchases.
- (xiv) FLAG comes to an end in March 2020 by which time all money will need to be claimed back by projects.

# **Hastings and St Leonards Foreshore Charitable Trust**

## **Trustee's Report**

### **Stade Development**

The Stade area is partly in Council ownership and partly in Trust ownership. The development is the combination of the Jerwood Gallery and the Stade Open Space community facilities, the Stade Hall and public toilets with exceptional disabled accommodation and Stade café. The Jerwood Gallery, on Council owned land, is privately funded but the other facilities result from the Council's application for funding from the Commission for Architecture and the Built Environment (CABE), South East England Development Agency (SEEDA), East Sussex County Council, with significant funding also being provided by Hastings Borough Council. Management of the Stade Open Space (approximately 69% in Trust ownership) and the Stade Hall (wholly Trust owned) is being undertaken by the Council on behalf of the Foreshore Trust.

However, in line with the Trusts business plan, in the last quarter of 2017/18 the Trust sought proposals from charitable or not-for-profit organisations interested in taking on the operations of the Stade Hall and Classroom on the Coast. Three expressions of interest were received. After evaluation by officers, a recommendation to the Trust was made, and the classroom and Stade Hall were leased to Sussex Coast College Hastings, a non-profit organisation for a period of up to 5 years from January 2019

### **Leases and agreements**

A ground lease of land at Pelham Beach East and West was granted to the Royal National Lifeboat Institution for siting shore facilities in connection with the lifeguard services contract.

The administrators of Hastings Pier Charity surrendered the lease of part of the Upper Promenade Building at White Rock Baths on 29 June 2018. The Source (Hastings) Ltd has a right of first refusal and we are in discussions with them regarding a lease.

### **Public Benefit**

The objects of the Charity clearly state that the Foreshore is to be held for the benefit of Her Majesty's subjects and the public generally forever. Where the land is beach and beach alone, the objects are achieved by ensuring that the public have free and safe access to the Foreshore. However, maintaining land in proper condition has a cost and the Charity requires an income to meet its expenditure. The Hastings Borough Council Act 1988 varied the original Trusts' to permit certain uses on defined areas of the Trust's land. For example, paid parking was permissible at Rock-a-Nore Car Park and at Pelham Car Park and leisure facilities were permitted in the Stade area. These variations to the Trust powers enabled the generation of income to meet the costs of maintaining the Foreshore. The uses permitted under the Act, however, are seen as complementary to the Trust objects and the Trustee will exercise its powers under the Act to satisfy the requirement for the benefit of the public.

So far as is possible and subject to the uses permitted under the Act, the aim of the Trustees is that the Foreshore should be accessible by all members of the public who wish to visit it. At the same time, part of the Foreshore is a working beach and so health and safety considerations apply.

The 2011 Scheme included a new object to distribute surpluses as grants for charitable purposes within the Borough of Hastings. There have been seven rounds of small grants the first of which took place in 2011/12. Grants for events on Foreshore Land commenced in 2013/14 and have been repeated annually.

The Trustee has indicated a willingness to undertake further capital works to assets if financially sustainable, which conform to the Trust's objects.

There will be different views on how the public benefit is best achieved and the Charity Committee will continue to consult with the Coastal Users' Group on proposals for the future of the Foreshore and specifications and standards of maintenance and with the Grant Advisory Panel on the grant criteria and grants processes.

In addition, whilst the Council undertook the role as Trustee from January 2011, it has been operating and managing the Foreshore and its assets without interruption over many years. The operations include:

# Hastings and St Leonards Foreshore Charitable Trust

## Trustee's Report

- keeping the Charity's land safe and clean;
- operating the Charity's car parks;
- managing its tenanted premises;
- arranging and facilitating events on the Foreshore;
- undertaking routine maintenance and repair.

### Financial Review

The annual accounts are attached to this report and, once again, have received an unqualified audit opinion by external auditors. The Trust's main sources of income remain that of car parking fees and charges and rental income from property. The expenditure that the Trust incurs is as a result of providing the car parks e.g. operating costs, and the costs of maintaining and developing the foreshore .

Investments – The Trust retains significant cash balances. At 31 March 2019 these were invested as follows:-

	2018/19	2017/18
	£	£
CCLA Investment Management	1,403,963	1,397,271
Lloyds Bank (the Trust's Bank Account)	605	605

The following table compares the major elements of the budget to the actual income and expenditure for the financial year:-

### Statement of Financial Activities

	Budget	Revised	Actual
	Estimate	Budget	Outturn
	£000's	£000's	£000's
<b>Incoming Resources</b>			
Investment Income	5	5	8
Income from Charitable activities	1,472	1,407	1,400
<b>Total Incoming Resources</b>	<b>1,477</b>	<b>1,412</b>	<b>1,408</b>
<b>Resources Expended</b>			
Loan repayments	33	33	33
Charitable Activities	780	829	856
Maintenance and Cyclical repairs	90	78	56
Governance Costs HBC	68	68	58
Governance Costs (Other)	49	40	43
<b>Total Resources Expended</b>	<b>1,020</b>	<b>1,048</b>	<b>1,046</b>
<b>Surplus before Grants and Reserve Funded items</b>	<b>457</b>	<b>364</b>	<b>362</b>
Grants	80	83	83
Projects and Other Income/ Expenditure Net	396	171	45
<b>Surplus (Deficit)</b>	<b>(19)</b>	<b>110</b>	<b>234</b>

# Hastings and St Leonards Foreshore Charitable Trust

## Trustee's Report

The surplus before grants and reserve funded items and capital charges was £362,000. Income levels have increased this year, due to an increase in car parking and rental income.

The overall outturn position was a surplus of £179,912, and capital charges of £89,332 (2017/18 surplus of £124,316). The surplus has been added to reserves.

### Future Expenditure Plans 2019/20 and Beyond

In line with the approved Business plan, expenditure on major Projects and Other Expenditure will continue in 2019/20 and will result in an overall deficit for the year, budgeted at £197,000 – this being funded from Reserves.

Future business plan projects commencing in 2019/20 include the delivery of the White Rock fountain, public art project, surfacing works to footpaths and playground areas, landscaping adjacent to boating lake and new seafront information signs that incorporate the new byelaws along with other smaller maintenance projects to buildings and facilities.

The 2019/20 budget identified spend on projects and other expenditure amounting to some £454,000. £173,000 of this spend is on cyclical repairs and maintenance and £281,000 is programmed spend, financed from Reserves. The areas of spend are as follows:-

- £175,000 - White Rock Fountain
- £50,000 - Public Art Project
- £42,500 - White Rock Baths building redecoration and maintenance
- £41,500 - Car park repairs and maintenance
- £36,000 - Play Areas and Exercise Equipment
- £25,000 - Resurfacing Works
- £25,000 - Contingency funding
- £23,000 - Other beach front items
- £12,000 - Water play
- £7,000 - Beach chalets
- £6,000 - Landscaping
- £6,000 - Public conveniences
- £5,000 - Signage

The current business plan, including amounts carried forward from 2017/18 includes the following for Projects and Other Expenditure for the years 2018/19 to 2023/24 is shown below:-

<b>Business Plan</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2018/24</b>
<b>Projects and other expenditure</b>	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Total</b>
<i>Cyclical Repairs and redecorations</i>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
White Rock Baths	21	43	37	48	34	24	<b>207</b>
Stade Barriers	6	2	5	2	2	2	<b>19</b>
Public Conveniences	5	6	10	6	12	6	<b>45</b>
Car Parks	8	42	29	51	57	33	<b>220</b>
Chalets - White Rock & Marina	2	7	2	2	7	2	<b>22</b>
Play areas and Exercise Equipment	0	36	18	20	19	62	<b>155</b>
Signage	0	5	0	1	0	1	<b>7</b>
Stade Hall and Stade open Space	3	7	10	4	37	4	<b>65</b>

## Hastings and St Leonards Foreshore Charitable Trust

### Trustee's Report

Water Play	0	12	12	12	12	12	<b>60</b>
Beachfront	11	12	12	12	12	12	<b>71</b>
Other	0	1	3	2	2	4	<b>12</b>
<b>Total of Cyclical repairs</b>	<b>56</b>	<b>173</b>	<b>138</b>	<b>160</b>	<b>194</b>	<b>162</b>	<b>883</b>

<b>Business Plan</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2018/24</b>
<b>Projects and other expenditure</b>	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Total</b>
<i>Main Programme</i>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Public Art Project	0	50	25	0	0	0	75
Play Areas	4	0	0	0	0	0	4
Fishing fleets Ice maker	16	0	0	0	0	0	16
Pelham Hut Play Facility	25	0	0	0	0	0	25
Surfacing Works	0	25	25	0	0	0	50
Landscaping - adj. to boating lake	0	6	6	0	0	0	12
White Rock Fountain	0	175	0	0	0	0	175
Contingency	0	25	25	25	25	25	125
<b>Total Main Programme</b>	<b>45</b>	<b>281</b>	<b>81</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>482</b>
<b>Total Projects and Other Expenditure</b>	<b>101</b>	<b>454</b>	<b>219</b>	<b>185</b>	<b>219</b>	<b>187</b>	<b>1,365</b>

#### Cost of Professional Advice

Professional advisor fees (including Protector's fees) - £27,668 (2017/18 £33,250).

Auditors/Accountants - £ 3,600 (2017/18 £3,500).

#### Trustee Expenses and Emoluments

There were no Trustee expenses charged to the Trust in 2018/19 (2017/18 nil).

A special responsibility allowance of £6,512 (2017/18 £6,380) was paid to the Chair of the Charity Committee and this is shown as Governance costs in the accounts.

#### Reserves Policy

The policy is reviewed periodically to take account of changes in the future plans of the Trust and perceived risks. The last review was 24 September 2018 and there have been no significant changes since this date which require a change to the policy. Reserves are maintained for a variety of reasons and the main points of the Policy are reproduced below.

- a) £100,000 is to be retained for 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 judgment of events that may occur and their likelihood.
- b) Expenditure budget - a small contingency fund to meet unforeseen operational costs. The expenditure budget is some £1,048,000. It is suggested that a 10% contingency (say £100,000) be retained for unexpected and unforeseen operational expenditure.

# Hastings and St Leonards Foreshore Charitable Trust

## Trustee's Report

Uncertainty over future income. Most well run organisations retain reserves equivalent to a number of weeks or months of equivalent income 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 £700,000.

c)

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.

d)

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.

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).

e)

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	100,000
c)	Uncertainty on Income streams	700,000
	<b>Total</b>	<b>900,000</b>

Plus Planned Spending Commitments e.g. repairs and other initiatives identified within the business plan.

The total funds of the Trust, of which the above form a part, amount to £2,810,745 (2017/18 £2,630,833). The financing of the main programme is dependent upon achieving annual surpluses on the trusts main activities, given the level of Reserves being retained.

### Plans for the Future

The Charity Committee looks to review its Business Plan on a regular basis to take account of known variations in resources and new opportunities and commitments. Subject to the Scheme's predetermination that meeting the cost of the administration and the repair and maintenance of its existing assets is the first priority; this will involve consideration of proposals for enhancing income generation and/or reducing operating expenditure as well as providing better facilities and attractions for the public benefit.

The current business plan will be reviewed and updated to present at the end of the 2019/20 financial year.

### Accountants, Auditors and Bankers

The Trust has been grateful for the excellent work of Manningtons (Auditors) in meeting the early closedown of the Accounts – due to the need to report within 6 months of the end of the financial year.

The Trust's monies are managed by the Council. The bankers are Lloyds Bank, which is the same as the Council with separate bank accounts. The Council's comprehensive Treasury Management and Investment Policy requirements equally apply when dealing with Trust monies.

# **Hastings and St Leonards Foreshore Charitable Trust**

## **Trustee's Report**

### **Concluding Remarks**

The Trust continues to concentrate efforts on ensuring a secure and viable future for the Trust, especially in terms of maintaining and improving its assets, managing its available resources for the long term benefit of the community, and also in the distribution of grants to the benefit of the Community - as resources permit.



# Hastings and St Leonards Foreshore Charitable Trust

## Trustee's Report

### Statement of Responsibilities

The trustee is responsible for preparing the trustee's report and the financial statements in accordance with the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

The law applicable to charities requires the trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the constitution. The trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditor

The trustee has taken steps that it ought to have taken as a member in order to make itself aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The trustee confirms that there is no relevant information that is known of and of which they know the auditor is unaware.

The annual report was approved by the trustee of the charity on ..... and signed on its behalf by:

.....  
**Councillor Sue Beaney**  
**Chair of Charity Committee**

# Hastings and St Leonards Foreshore Charitable Trust

## Protector's Report

This is my ninth Annual Report as Protector of The Hastings and St Leonards Foreshore Charitable Trust ("Foreshore Trust" for short). It covers my activities from September 2018 to the date of this report.

The rules of the Foreshore Trust call for the appointment of a Protector to safeguard the proper management of this charitable trust and, in particular, the resolution of any conflicts of interest that may arise from time to time between Hastings Borough Council ("HBC") acting as Trustee of this charity and HBC acting in its capacity as local authority. To this end, the rules provide that the general duty of the Protector is "to ensure the integrity of the administration of the charity", in other words to act as a watchdog over the activities of HBC's Charity Committee in managing the affairs of the Foreshore Trust.

- (1) I have attended all meetings of the Charity Committee, except that of 10th December 2018 when I was unwell.
- (2) Under the constitution of the Foreshore Trust the Trustee must consult two advisory bodies: (1) a nominated consultative and advisory group (currently the Coastal Users' Group - "CUG") in relation to major foreshore management issues, and (2) the Grant Advisory Panel ("GAP") which deals with the detailed process of recommending grants to be made by the Trustee under powers given in the Scheme. A further advisory committee was formed in 2012, dealing with the management of the Stade Hall. The Protector is entitled to attend the meetings of these groups, though in practice I do not routinely do so. I do however receive notices and minutes of their meetings, and attend as necessary.

An issue arose in October 2018 in connection with a planning consent application concerning the Stade Amusement Park, located on Foreshore Trust land. The issue in question concerned the proposed modification and re-routing of a broad, unmettled path leading from the main road (A259) beside the amusement park up to the model railway line close to the beach near the East Hastings Sea Angling premises. Concerns about this proposal were expressed by the CUG, but there was no clear process for these concerns to be communicated through the Charity Committee (acting as the voice of the Foreshore Trust) to the HBC Planning Committee responsible for making decisions on such matters. This issue has now been addressed, and in future the CUG will be informed of any relevant landlord consent questions.

- (3) During the year I have been satisfied that the Trustee (HBC), acting through its Charity Committee, has satisfactorily ensured the integrity of the administration of the affairs of the Foreshore Trust, as required by the current Scheme of constitution.

**Christopher May FCA**

Protector

12th September 2019

## **Hastings and St Leonards Foreshore Charitable Trust**

### **Independent Auditor's Report to the Members of Hastings and St Leonards Foreshore Charitable Trust**

#### **Opinion**

We have audited the financial statements of Hastings and St Leonards Foreshore Charitable Trust (the 'charity') for the year ended 31 March 2019, which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, comprising Charities SORP - FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and applicable law (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2019 and of its results for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Hastings and St Leonards Foreshore Charitable Trust**

### **Independent Auditor's Report to the Members of Hastings and St Leonards Foreshore Charitable Trust**

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's Report.

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustee remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustee**

As explained more fully in the Statement of Trustee Responsibilities [set out on page 15], the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustee.

## Hastings and St Leonards Foreshore Charitable Trust

### Independent Auditor's Report to the Members of Hastings and St Leonards Foreshore Charitable Trust

- Conclude on the appropriateness of the trustee use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the charity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the charity audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Use of our report

This report is made solely to the charity trustee, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our work has been undertaken so that we might state to the trustee those matters we are required to state to trustee in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustee as a body, for our audit work, for this report, or for the opinions we have formed.

.....  
(Senior Statutory Auditor)  
For and on behalf of Manningtons, Statutory Auditor

39 High Street  
Battle  
East Sussex  
TN33 0EE

Date:.....

Manningtons Chartered Accountants is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

## Hastings and St Leonards Foreshore Charitable Trust

### Statement of Financial Activities for the Year Ended 31 March 2019

	Note	Unrestricted funds £	Total 2019 £
<b>Income and Endowments from:</b>			
Charitable activities	2	1,424,700	1,424,700
Investment income	3	<u>7,532</u>	<u>7,532</u>
Total Income		<u>1,432,232</u>	<u>1,432,232</u>
<b>Expenditure on:</b>			
Charitable activities	4	(1,160,099)	(1,160,099)
Governance costs	5	<u>(92,221)</u>	<u>(92,221)</u>
Total Expenditure		<u>(1,252,320)</u>	<u>(1,252,320)</u>
Net movement in funds		179,912	179,912
<b>Reconciliation of funds</b>			
Total funds brought forward		<u>2,630,833</u>	<u>2,630,833</u>
Total funds carried forward	14	<u>2,810,745</u>	<u>2,810,745</u>
	Note	Unrestricted funds £	Total 2018 £
<b>Income and Endowments from:</b>			
Charitable activities	2	1,268,600	1,268,600
Investment income	3	<u>3,314</u>	<u>3,314</u>
Total Income		<u>1,271,914</u>	<u>1,271,914</u>
<b>Expenditure on:</b>			
Charitable activities	4	(1,046,052)	(1,046,052)
Governance costs	5	<u>(101,546)</u>	<u>(101,546)</u>
Total Expenditure		<u>(1,147,598)</u>	<u>(1,147,598)</u>
Net movement in funds		124,316	124,316
<b>Reconciliation of funds</b>			
Total funds brought forward		<u>2,506,517</u>	<u>2,506,517</u>
Total funds carried forward	14	<u>2,630,833</u>	<u>2,630,833</u>

All of the charity's activities derive from continuing operations during the above two periods.  
The funds breakdown for 2018 is shown in note 14.

## Hastings and St Leonards Foreshore Charitable Trust

### (Registration number: 1105649) Balance Sheet as at 31 March 2019

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	10	1,311,537	1,400,869
<b>Current assets</b>			
Debtors	11	316,394	81,916
Cash at bank and in hand		<u>1,404,568</u>	<u>1,397,876</u>
		1,720,962	1,479,792
<b>Creditors: Amounts falling due within one year</b>	12	<u>(35,839)</u>	<u>(34,680)</u>
<b>Net current assets</b>		<u>1,685,123</u>	<u>1,445,112</u>
<b>Total assets less current liabilities</b>		2,996,660	2,845,981
<b>Creditors: Amounts falling due after more than one year</b>	13	<u>(185,915)</u>	<u>(215,148)</u>
<b>Net assets</b>		<u>2,810,745</u>	<u>2,630,833</u>
<b>Funds of the charity:</b>			
<b>Unrestricted income funds</b>			
Unrestricted funds		<u>2,810,745</u>	<u>2,630,833</u>
<b>Total funds</b>	14	<u>2,810,745</u>	<u>2,630,833</u>

The financial statements on pages 20 to 30 were approved by the trustee, and authorised for issue on ..... and signed on their behalf by:

.....  
**Councillor Sue Beaney**  
**Chair of Charity Committee**

**Hastings and St Leonards Foreshore Charitable Trust**  
**Cash Flow Statement for the Year Ended 31 March 2019**

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Net cash income		179,912	124,316
<b>Adjustments to cash flows from non-cash items</b>			
Depreciation		89,332	87,782
Investment income	3	<u>(7,532)</u>	<u>(3,314)</u>
		261,712	208,784
<b>Working capital adjustments</b>			
Increase in debtors	11	(234,478)	(81,916)
Increase in creditors	12	<u>680</u>	<u>2,052</u>
Net cash flows from operating activities		<u>27,914</u>	<u>128,920</u>
<b>Cash flows from investing activities</b>			
Interest receivable and similar income	3	7,532	3,314
Purchase of tangible fixed assets	10	<u>-</u>	<u>(42,910)</u>
Net cash flows from investing activities		7,532	(39,596)
<b>Cash flows from financing activities</b>			
Repayment of loans and borrowings	12	<u>(28,754)</u>	<u>(86,047)</u>
Net increase in cash and cash equivalents		6,692	3,277
Cash and cash equivalents at 1 April		<u>1,397,876</u>	<u>1,394,599</u>
Cash and cash equivalents at 31 March		<u><u>1,404,568</u></u>	<u><u>1,397,876</u></u>

All of the cash flows are derived from continuing operations during the above two periods.



# Hastings and St Leonards Foreshore Charitable Trust

## Notes to the Financial Statements for the Year Ended 31 March 2019

### 1 Accounting policies

#### Statement of compliance

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

#### Basis of preparation

Hastings and St Leonards Foreshore Charitable Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

#### Going concern

The trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern.

#### Judgements

As outlined in Note 14, Hastings Borough Council acts as the sole trustee for the Hastings and St Leonards Foreshore Charitable Trust. The scheme is so constituted as to prevent the Council from obtaining any benefit from the Trust's activities and no group accounts are produced. Further details of the transactions with the Council are given in Note 14.

The Statement of Accounts contains estimated figures that are based on assumptions made by the Trust about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

#### Key sources of estimation uncertainty

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as the effect of the elements, maintenance programmes and past experience are taken into account. The carrying amount is £1,311,537 (2018 -£1,400,869).

#### Income and endowments

##### *Investment income*

Investment income is recognised on a receivable basis.

##### *Charitable activities*

Income from charitable activities includes income recognised as earned (as the related goods or services are provided) under contract.

## **Hastings and St Leonards Foreshore Charitable Trust**

### **Notes to the Financial Statements for the Year Ended 31 March 2019**

#### **Expenditure**

All expenditure is recognised once there is a legal or constructive obligation to that expenditure, it is probable settlement is required and the amount can be measured reliably. All costs are allocated to the applicable expenditure heading that aggregate similar costs to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

#### ***Charitable activities***

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

#### ***Grant expenditure***

Grants payable are payments made to third parties in the furtherance of the charitable objectives. Where the charity gives a grant with conditions for its payment being a specific level of service or output to be provided, such grants are only recognised in the SoFA once the recipient of the grant has provided the specific service or output.

Grants payable without performance conditions are only recognised in the accounts when a commitment has been made and there are no conditions to be met relating to the grant which remain in the control of the charity.

#### ***Grant provisions***

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

#### **Governance costs**

Governance costs include costs of the preparation and examination of the statutory accounts, the costs of trustee meetings and the cost of any legal advice to trustees on governance or constitutional matters.

#### **Taxation**

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

#### **Tangible fixed assets**

Individual fixed assets costing £500.00 or more are initially recorded at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The land comprising the foreshore of Hastings and St Leonards was sold to the Trust by the Crown in September 1893 for £400 and subsequent purchases between 1925 and 1934 for a further £630. No valuation of this land has ever been carried out and it is recorded at cost. Land valued at £95,000 was acquired in 2010 as part of a land swap with Hastings Borough Council. Additional expenditure of £119,490 in 2013 represents the cost of creating additional car parking spaces within the Pelham Place car park. This is being depreciated over 15 years, being the estimated time before re-surfacing becomes necessary. The trustee is of the opinion that the open market value is materially in excess of the carrying value of the land.

## Hastings and St Leonards Foreshore Charitable Trust

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### Depreciation and amortisation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Land	not depreciated
Pelham Place car park additional spaces	over 15 years straight line
White Rock Baths	over 50 years straight line
Winch Road Upgrade	over 15 years straight line
Plant and equipment	over 5 and 15 years straight line

#### Research and development

Research and development expenditure is written off as incurred.

#### Debtors

Are amounts due from Hastings Borough Council for settlement of expenditure incurred by the Trust that is to be repaid and is recognised initially at the transaction price. A provision for the impairment of it will be established when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

#### Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Statement of Financial Activities over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the charity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### Fund structure

Unrestricted income funds are general funds that are available for use at the trustee's discretion in furtherance of the objectives of the charity.

Designated funds are unrestricted funds set aside for specific purposes at the discretion of the trustees.

#### Staff and pension schemes

The charity has no employees but is charged the relevant portion of those undertaking work in pursuance of the charity's objectives. These are employed by Hastings Borough Council and have the choice of being in the relevant defined benefit local government pension scheme.

## Hastings and St Leonards Foreshore Charitable Trust

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 2 Income from charitable activities

	Unrestricted funds	Total 2019 £	Total 2018 £
	General £		
Car Parking	1,132,100	1,132,100	977,470
Foreshore management	290,415	290,415	289,980
Street cleansing	1,821	1,821	1,150
Public conveniences	364	364	-
	<u>1,424,700</u>	<u>1,424,700</u>	<u>1,268,600</u>

#### 3 Investment income

	Unrestricted funds	Total 2019 £	Total 2018 £
	General £		
Interest receivable and similar income;			
Interest receivable on bank deposits	6,692	6,692	3,314
Interest receivable on loans to related parties	840	840	-
	<u>7,532</u>	<u>7,532</u>	<u>3,314</u>

#### 4 Expenditure on charitable activities

	Activity undertaken directly	Total 2019 £	Total 2018 £
	£		
Car parking	277,737	277,737	271,453
Foreshore management	413,594	413,594	432,936
Street cleansing	135,557	135,557	83,630
Public conveniences	188,076	188,076	153,612
White Rock Baths and other	21,030	21,030	34,791
Small and event grants	83,362	83,362	69,630
Other project grants	40,743	40,743	-
	<u>1,160,099</u>	<u>1,160,099</u>	<u>1,046,052</u>

## Hastings and St Leonards Foreshore Charitable Trust

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 5 Analysis of governance and support costs

##### Governance costs

	Unrestricted funds		
	General	Total	Total
	£	2019	2018
		£	£
Wages and salaries	6,512	6,512	6,380
Audit of the financial statements	2,000	2,000	2,000
Accountancy services	1,700	1,700	1,500
Legal fees	23,693	23,693	33,250
HBC management charges	58,230	58,230	58,230
Other governance costs	86	86	186
	<u>92,221</u>	<u>92,221</u>	<u>101,546</u>

#### 6 Net incoming/outgoing resources

Net incoming resources for the year include:

	2019	2018
	£	£
Audit fees	2,000	2,000
Depreciation of fixed assets	<u>89,332</u>	<u>87,782</u>

#### 7 Trustee remuneration and expenses

Payments to the Trustee related entirely to recharges of costs incurred by HBC on behalf of the charity. These included a payment by HBC to the Chair of the Charity Committee of HBC by way of a responsibility allowance from the Council of £6,512 (2018 - £6,380), included in Governance costs.

#### 8 Staff costs

The Trust does not directly employ any staff. As such no employee received emoluments of more than £60,000 during the year

The total employee benefits of the key management personnel of the charity were £15,566 (2018 - £15,790).

#### 9 Taxation

The charity is a registered charity and is therefore exempt from Corporation Tax.

## Hastings and St Leonards Foreshore Charitable Trust

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 10 Tangible fixed assets

	<b>Land and buildings £</b>	<b>Plant and equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2018	1,144,091	573,843	1,717,934
At 31 March 2019	1,144,091	573,843	1,717,934
<b>Depreciation</b>			
At 1 April 2018	103,071	213,994	317,065
Charge for the year	40,514	48,818	89,332
At 31 March 2019	143,585	262,812	406,397
<b>Net book value</b>			
At 31 March 2019	1,000,506	311,031	1,311,537
At 31 March 2018	1,041,020	359,849	1,400,869

#### 11 Debtors

	<b>2019 £</b>		<b>2018 £</b>
Prepayments	3,600		-
Other amounts owed by Hastings Borough Council	312,794		81,916
	316,394		81,916

#### 12 Creditors: amounts falling due within one year

	<b>2019 £</b>		<b>2018 £</b>
Loans from Hastings Borough Council	29,232		28,753
Accruals	6,607		5,927
	35,839		34,680

## Hastings and St Leonards Foreshore Charitable Trust

### Notes to the Financial Statements for the Year Ended 31 March 2019

#### 13 Creditors: amounts falling due after one year

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Loans from Hastings Borough Council	<u>185,915</u>	<u>215,148</u>

The amount is the long term portion of the £300,000 annuity loan. The loan is at 1.66%, and has biannual payments.

For the £300,000 annuity loan, to limit the potential impact on the Trust, the Council shared the risk on a 50:50 basis. For clarity, the annual borrowing costs are £32,643, if the venture failed the amount payable per annum by the Trust would be reduced by 50%. If a new tenant was found at that time but the rental stream achieved was lower, then the shortfall would be shared.

#### 14 Funds

	<b>Balance at 1 April 2018</b>	<b>Incoming resources</b>	<b>Resources expended</b>	<b>Transfers</b>	<b>Balance at 31 March 2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Unrestricted funds</b>					
<i>General</i>					
Unappropriated reserve	-	1,432,232	(1,252,320)	(179,912)	-
<i>Designated</i>					
Contingency reserve	900,000	-	-	-	900,000
Main programme reserve	329,964	-	-	269,244	599,208
Fixed asset fund	<u>1,400,869</u>	<u>-</u>	<u>-</u>	<u>(89,332)</u>	<u>1,311,537</u>
	<u>2,630,833</u>	<u>-</u>	<u>-</u>	<u>179,912</u>	<u>2,810,745</u>
<b>Total funds</b>	<u>2,630,833</u>	<u>1,432,232</u>	<u>(1,252,320)</u>	<u>-</u>	<u>2,810,745</u>

## Hastings and St Leonards Foreshore Charitable Trust

### Notes to the Financial Statements for the Year Ended 31 March 2019

	Balance at 1 April 2017 £	Incoming resources £	Resources expended £	Transfers £	Balance at 31 March 2018 £
<b>Unrestricted funds</b>					
<i>General</i>					
Unappropriated reserve	-	1,271,914	(1,147,597)	(124,317)	-
<i>Designated</i>					
Contingency reserve	900,000	-	-	-	900,000
Main programme reserve	160,775	-	-	169,189	329,964
Fixed asset fund	1,445,741	-	-	(44,872)	1,400,869
	<u>2,506,516</u>	<u>-</u>	<u>-</u>	<u>124,317</u>	<u>2,630,833</u>
<b>Total funds</b>	<u>2,506,516</u>	<u>1,271,914</u>	<u>(1,147,597)</u>	<u>-</u>	<u>2,630,833</u>

The specific purposes for which the funds are to be applied are as follows:

The Main programme reserve is held to fund the Trust's business plan initiatives and significant items of repair and maintenance that cannot be financed in a single year.

The Fixed asset fund is created to recognise that an equivalent amount of reserves has already been used, and is not available for further use.

The Unappropriated reserve represents all monies for which a specific purpose remains to be determined.

#### 15 Related party transactions

During the year the charity made the following related party transactions:

##### **Hastings Borough Council** (Trustee)

The Foreshore Trust took a loan in 2016 from Hastings Borough Council to allow it to fund the conversion of White Rock Baths as a BMX centre and café.

The property belongs to the Foreshore Trust and the loan granted by Hastings Borough Council for £300,000 was for a ten year period. The Building has been leased to The Source for a period of ten years and the rental income generated will contribute to the repayment of the loan principal and interest.

The loan is repayable in biannual payments. The £300,000 annuity loan being at 1.66%, and the first payment being made on the 21st September 2016.

For the former, to limit the potential impact on the Trust, the Council would share the risk on a 50:50 basis. For clarity, the annual borrowing cost is £32,643 if the venture failed the amount payable per annum by the Trust would be reduced by 50%. If a new tenant was found at that time but the rental stream achieved was lower, then the shortfall would be shared. At the balance sheet date the amount due from Hastings Borough Council was £97,647 (2018 - £161,986 due to).



# Agenda Item 9



**Report to:** Charity Committee

**Date of Meeting:** 23 September 2019

**Report Title:** Finance Report

**Report By:** Peter Grace  
(Chief Finance Officer)

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## Purpose of Report

To advise the Committee on the current year's financial position.

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## Recommendation(s)

1. To agree the current financial position for 2019/20.
2. The Risk Register be agreed (Appendix 4)
3. The Reserves Policy be agreed (Appendix 6)

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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.

At this stage in the year the budget is forecast to be on target with no overall variance reported. A budgeted surplus of £181,000 is anticipated for 2019/20 in respect of operating income and expenses. Once grant and project costs are taken into account a deficit of £197,000 is anticipated which is in line with the budget.

The reserves policy is reviewed on an annual basis and is undertaken against the uncertainties that are identified within the risk register and the general economic environment.

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## 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 details of the budget for 2019/20 as agreed at the March meeting of the committee. The budgeted annual operating surplus for 2019/20 amounting to £181,000 with a forecast year end position currently on target to achieve the budget.

## Financial Position 2019/20

3. The budget agreed in March 2019 identified budgeted income at £1,477,000 and expenditure at £1,296,000. The budgeted surplus for the year being £181,000 after direct governance costs, but before distribution of grants, capital charges and before use of Reserves.
4. At this stage in the year only two variances to the budget have been identified. Based on the experience from 2018/19 it is possible that the income budget for car parking may be overly ambitious by approximately £40,000. This is however fully offset by an expected increase in rental income of (£40,000) particularly from Victoria chalets and the White Rock beach huts.
5. The final accounts for 2018/19 have been produced and are up for approval at tonight's meeting.

## Indicative Forward Plan

6. The indicative Forward plan as agreed in March 2019 has been updated as required and provided for information (Appendix 3). This identified projected cash balances for future years and hence affordability of current initiatives and commitments. Based upon projections the current business plan remains affordable. The overall deficit for the year is forecast at £197,000.

## Risk Register

7. The Risk Register is included in Appendix 4. This seeks to identify the potential risks to the Foreshore Trust that could have financial implications in particular, and which necessitate the maintenance of reserves.

## Reserves

8. The revised business plan updated to take account of known changes and the 2018/19 outturn identifies the estimated cash balances for future years as follows:-

£1.69m as at 31st March 2019,  
£1.49m as at 31st March 2020,  
£1.54m as at 31st March 2021,  
£1.46m as at 31st March 2022,  
£1.36m as at 31st March 2023,  
£1.29m as at 31st March 2024.

## Reserves Policy

9. The reserves policy identifies £900,000 as the suitable level of Reserves to maintain – given the potential risks faced by the Trust.
10. The Reserves Policy is included in Appendix 6 and this will continue to be considered by the Trust on an annual basis in conjunction with the review of risk (more often if circumstances require).
11. Appendix 5 attached provides background information on determining a Reserves policy. This is based on extracts of the Charity Commission guidance on this issue.

Key points about charity reserves:-

- Charity law requires any income received by a charity to be spent within a reasonable period of receipt.
  - Trustees should be able to justify the holding of income as reserves.
  - Reserves are that part of a charity's unrestricted income funds that is freely available to spend.
  - Where the trustees have a reserves policy, this policy must be set out in the trustees' annual report.
  - If the trustees have not set a reserves policy, this should be stated in the trustees' annual report.
  - A good reserves policy takes into account the charity's financial circumstances and other relevant factors.
  - It is good practice to monitor the level of reserves held throughout the year.
  - It is good practice to keep the reserves policy under review to ensure it meets a charity's changing needs and circumstances.
12. In summary the Reserves policy (Appendix 6) effectively recommends that Cash Reserves of £900,000 be retained, plus sufficient funds to meet the Repairs and Renewals programme - which remains subject to regular amendment. It is also recommended that the Reserves Policy continues to be regularly reviewed.

## Timetable of Next Steps

1. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Continued quarterly monitoring	Each financial quarter	Charity Committee Meetings	Chief Accountant
Review of 2018/19 under/over spends	2020/21 budget	March 2020	Chief Finance Officer

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## Wards Affected

None

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## Implications

Relevant project tools applied? Yes

Have you checked this report for plain English and readability? Yes. This has been done as much as possible considering the complex financial issues involved. Flesch-Kincaid grade level 34.1.

Climate change implications considered? N/A

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

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## Additional Information

Appendix 1 - Financial Monitoring Report  
Appendix 2 - Business Plan - Financial Summary  
Appendix 3 - Indicative Forward Plan  
Appendix 4 - Risk Register - Foreshore Trust  
Appendix 5 - Reserves Policy (Charity Commission guidance)  
Appendix 6 - Reserves Policy

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## Officer to Contact

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# Hastings and St Leonards Foreshore Charitable Trust

Appendix 1

Actual expenditure to 31 August 2019

SUMMARY - MONITORING REPORT	Outturn 2018-19	Budget 2019-20	YTD Actual 2019-20	Estimate to end of year	Expected Outturn 2019-20	Variance to Budget	Estimated Budget 2020-21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Incoming Resources</b>							
Investment Income	(8)	(5)	(2)	(3)	(5)	0	(5)
Incoming resources from Charitable activities	(1,126)	(1,235)	(523)	(672)	(1,195)	40	(1,260)
Rental income	(274)	(237)	(108)	(169)	(277)	(40)	(242)
<b>Total incoming resources</b>	<b>(1,408)</b>	<b>(1,477)</b>	<b>(633)</b>	<b>(844)</b>	<b>(1,477)</b>	<b>0</b>	<b>(1,507)</b>
<b>Resources Expended</b>							
Loan repayments	33	33	0	33	33	0	33
Charitable Activities* (excluding Capital charges)	856	970	201	769	970	0	989
Maintenance projects and cyclical repairs	56	173	3	170	173	0	138
Governance costs	101	120	32	88	120	0	123
<b>Total resources expended</b>	<b>1,046</b>	<b>1,296</b>	<b>236</b>	<b>1,060</b>	<b>1,296</b>	<b>0</b>	<b>1,283</b>
<b>Total Operating (Surplus)/Deficit</b>	<b>(362)</b>	<b>(181)</b>	<b>(397)</b>	<b>216</b>	<b>(181)</b>	<b>0</b>	<b>(224)</b>
Small Grants	60	60	0	60	60	0	60
Events Grants	23	37	13	24	37	0	30
Projects**	45	281	45	236	281	0	81
<b>(Surplus)/Deficit</b>	<b>(234)</b>	<b>197</b>	<b>(339)</b>	<b>536</b>	<b>197</b>	<b>0</b>	<b>(53)</b>
<b>Transfer to/(from) HBC account</b>							
Total Funds (cash) brought forward	1,445	1,685			1,685		1,624
Total funds carried forward	1,685	1,488			1,624		1,677

Foreshore Trust Spending Plan		2018-2019	2018-2019	2018-2019	2019-2020	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	Total	
Cost centre	PROPERTY	DESCRIPTION OF WORK	Budget	REVISED ESTIMATE	OUTTURN	Current spend to end of August	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE 2019- 2024
			£	£	£	£	£	£	£	£	£	£
<b>Maintenance projects</b>												
20156B1100 / 5290B020	Beach - Other	Other repairs and renewals beachfront area	12,000	12,000	10,810	1,017	12,000	12,000	12,000	12,000	12,000	60,000
20156B1100 / 5290B020	Car Parks - Pelham	Maintenance	6,000	6,000	0	0	6,000	6,000	6,000	6,000	6,000	30,000
20156B1100 / 5290B020	Car Parks Rock a Nore	Maintenance	6,000	6,000	5,985	0	6,000	6,000	6,000	6,000	6,000	30,000
20156B1100 / 5290B020	Chalets - White Rock & Marina	Maintenance	2,000	2,000	1,664	0	2,000	2,000	2,000	2,000	2,000	10,000
20156B1100 / 5290B020	Cycle Hire Hut	Main walls - external redecoration	0	0	0	0	0	1,000	0	0	1,000	2,000
20156B1100 / 5290B020	Cycle Hire Hut	Roofs - routine re-felting	0	0	0	0	0	0	0	0	1,000	1,000
20156B1100 / 5290B020	Cycle route	Contribution to maintenance	5,000	5,000	0	0	0	0	0	0	0	0
20156B1100 / 5290B020	Pelham Place Car Park	Tarmac surfacing - routine minor maintenance	0	0	0	0	0	2,000	0	2,000	0	4,000
20156B1100 / 5290B020	Pelham Place Car Park	Clean out car park drainage gullies and channels	0	0	0	0	1,000	0	1,000	0	1,000	3,000
20156B1100 / 5290B020	Pelham Place Car Park	Main access routes and disabled parking space hatching road markings - re-application	0	0	0	0	3,000	0	0	0	0	3,000
20156B1100 / 5290B020	Pelham Place Car Park	Traffic speed humps - repair / replacement	0	0	0	0	0	0	0	0	5,000	5,000
20156B1100 / 5290B020	Pelham Place Car Park	Vehicle height barrier at entrance	0	0	0	1,047	3,000	3,000	3,000	3,000	3,000	15,000
20156B1100 / 5290B020	Pelham Place Car Park	Car park lighting columns - maintain LED lamps	0	0	0	0	500	500	500	500	500	2,500
20156B1100 / 5290B020	Pelham Place Car Park	Car park information and direction signage	1,000	0	0	0	1,000	0	0	0	0	1,000
20156B1100 / 5290B020	Pelham Place Car Park	Maintenance / replacement of existing of public electric car charging point		0	0	0	0	0	0	0	0	0
20156B1100 / 5290B020	Pelham Place Car Park	Installation of additional public electric car charging points		0	0	0	0	0	0	0	0	0
20156B1100 / 5290B020	Pelham Place Car Park	Public pay and display ticket machines (4 no.)		0	0	0	0	0	0	0	0	0
20156B1100 / 5290B020	Pelham Place Public Conveniences	Main walls - external redecorations	0	0	0	0	0	3,000	0	0	0	3,000
20156B1100 / 5290B020	Pelham Place Public Conveniences	Interior - internal redecorations	0	0	0	0	0	1,000	0	0	0	1,000
20156B1100 / 5290B020	Pelham Playa (netted MUGA)	Replacement of roof netting system	0	0	0	0	0	0	0	0	10,000	10,000
20156B1100 / 5290B020	Pelham Playa (netted MUGA)	Replacement of playing surface complete	0	0	0	0	0	0	0	0	30,000	30,000
20156B1100 / 5290B020	Pelham Playground	Repair of play proprietary play equipment	0	0	0	3,825	3,000	3,000	3,000	3,000	3,000	15,000
20156B1100 / 5290B020	Pelham Playground	Resurfacing of playground complete	0	0	0	0	15,000	0	0	0	0	15,000
20156B1100 / 5290B020	Play Areas and Exercise Equipment	Maintenance of equipment	5,000	5,000	0	0	15,000	15,000	15,000	15,000	15,000	75,000
20156B1100 / 5290B020	Play Hire Huts (Former Life Guards' Huts)	Main walls - external redecoration	0	0	0	0	1,000	0	0	1,000	0	2,000
20156B1100 / 5290B020	Play Hire Huts (Former Life Guards' Huts)	Roofs - routine re-felting	0	0	0	0	0	0	0	0	2,000	2,000
20156B1100 / 5290B020	Promenade Adult Exercise Equipment	Replacement / repair of equipment	0	0	0	0	2,000	0	2,000	0	2,000	6,000
20156B1100 / 5290B020	Promenade Finger Posts	Redecoration and repair	0	0	0	0	5,000	0	500	0	500	6,000
20156B1100 / 5290B020	Public Conveniences	Maintenance	6,000	6,000	4,782	0	6,000	6,000	6,000	6,000	6,000	30,000
20156B1100 / 5290B020	Rock-a-Nore Car Park - Hard Surfaced	Clean out car park drainage gullies and channels	0	0	0	0	0	1,000	0	1,000	0	2,000
20156B1100 / 5290B020	Rock-a-Nore Car Park - Hard Surfaced	Heritage surfaced section - patch repair of worn areas mostly to main access route.	0	0	0	0	0	0	25,000	0	0	25,000
20156B1100 / 5290B020	Rock-a-Nore Car Park - Hard Surfaced	Main access route and disabled parking space hatching road markings - re-application	0	0	0	0	2,000	0	0	0	0	2,000
20156B1100 / 5290B020	Rock-a-Nore Car Park - Hard Surfaced	Parking bay road markings to east end - re-application	0	0	0	0	1,000	0	0	0	0	1,000

Business Plan

Appendix 2

Foreshore Trust Spending Plan			2018-2019	2018-2019	2018-2019	2019-2020	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	Total
Cost centre	PROPERTY	DESCRIPTION OF WORK	Budget	REVISED ESTIMATE	OUTTURN	Current spend to end of August	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE
			£	£	£	£	£	£	£	£	£	£
20156B1100 / 5290B020	Rock-a-Nore Car Park - Hard Surfaced	Repair and replacement of metal bollards	0	0	2,480	0	2,000	0	0	0	2,000	4,000
20156B1100 / 5290B020	Rock-a-Nore Car Park - Hard Surfaced	Heritage surfaced section - resurfacing complete including access route and all parking spaces		0		0	0	0	0	0	0	0
20156B1100 / 5290B020	Rock-a-Nore Car Park - Hard Surfaced	Vehicle height barrier at car park entrance	0	0	0	0	3,000	3,000	3,000	3,000	3,000	15,000
20156B1100 / 5290B020	Rock-a-Nore Car Park - Hard Surfaced	Car park lighting columns - upgrade to LED lamps	0	0	0	0	6,000					6,000
20156B1100 / 5290B020	Rock-a-Nore Car Park - Hard Surfaced	Car park lighting columns - maintain LED lamps	0	0	0	0	0	500	500	500	500	2,000
20156B1100 / 5290B020	Rock-a-Nore Car Park - Hard Surfaced	Car park lighting columns - replacement		0		0	0	0	0	0	0	0
20156B1100 / 5290B020	Rock-a-Nore Car Park - Hard Surfaced	Car park information and direction signage	0	0	0	0	1,000	0	0	0	0	1,000
20156B1100 / 5290B020	Rock-a-Nore Car Park - Hard Surfaced	Installation of public electric car charging point	0	0	0	0	0	0	0	0	0	0
20156B1100 / 5290B020	Rock-a-Nore Car Park - Hard Surfaced	Public pay and display ticket machines (4 no.)		0		0	0	0	0	0	0	0
20156B1100 / 5290B020	Rock-a-Nore Car Park - Loose Surface	Scarify and fill pot holes in loose surface finish	0	0	0	0	5,000	5,000	5,000	5,000	5,000	25,000
20156B1100 / 5290B020	Rock-a-Nore Car Park - Loose Surface	Replacement of damaged timber bollards	0	0	0	0	1,000	0	1,000	0	1,000	3,000
20156B1100 / 5290B020	Rock-a-Nore Car Park - Loose Surface	Repair timber kerb baulks to south boundary	0	0	0	0	0	2,000	0	0	0	2,000
20156B1100 / 5290B020	Rock-a-Nore Car Park - Loose Surface	Replace timber kerb baulks to south boundary	0	0	0	0	0	0	0	30,000	0	30,000
20156B1100 / 5290B020	Stade and Stade Kitchen	Maintenance	3,000	3,000	2,565	0	3,000	3,000	3,000	3,000	3,000	15,000
20156B1100 / 5290B020	Stade Barriers	Annual maintenance	2,000	2,000	5,752	0	2,000	5,000	2,000	2,000	2,000	13,000
20156B1100 / 5290B020	Stade Hall	Interior spaces - internal redecoration	0	0	0	0	0	0	0	20,000	0	20,000
20156B1100 / 5290B020	Stade Hall	Main hall & kitchen - renewal of floor coverings	0	0	0	0	0	0	0	10,000	0	10,000
20156B1100 / 5290B020	Stade Hall & Stade Public Conveniences	Main elevations - external redecoration	0	0	0	0	0	6,000	0	0	0	6,000
20156B1100 / 5290B020	Stade Open Space	Drainage gully clearance	0	0	0	0	500	500	500	500	500	2,500
20156B1100 / 5290B020	Stade Open Space	Bench redecoration and remove shingle build up	0	0	0	0	3,000	0	0	3,000	0	6,000
20156B1100 / 5290B020	Stade Open Space	Automatic bollard and barrier replacement	0	0	0	0	0	0	0	0	0	0
20156B1100 / 5290B020	Stade Public Conveniences	Interior spaces - internal redecoration	0	0	0	0	0	0	0	6,000	0	6,000
20156B1100 / 5290B020	Water Play *	Maintenance & operation	12,000	0	0	0	12,000	12,000	12,000	12,000	12,000	60,000
20156B1100 / 5290B020	White Rock Baths	External redecoration/ Building maintenance	25,000	25,000	22,338	0	10,000	10,000	10,000	10,000	10,000	50,000
20156B1100 / 5290B020	White Rock Baths	Alleviate Water ingress	0	0		0	0	0	0	0		0
20156B1100 / 5290B020	White Rock Baths - Lower Basement	Lower basement sump drainage - hire pump rig reliability and maintenance access improvements	0	0	0	0	0	10,000	0	0	0	10,000
20156B1100 / 5290B020	White Rock Baths - Lower Basement	Additional pump hire if above adopted.	0	0	0	0	0	8,000	8,000	8,000	8,000	32,000
20156B1100 / 5290B020	White Rock Baths - Lower Basement	Sewage tank and pump set - maintenance	0	0	0	0	500	500	500	500	500	2,500
20156B1100 / 5290B020	White Rock Baths - Lower Basement	Sewage tank pump set & controls - replacement	0	0	0	0	0	0	4,000	0	0	4,000
20156B1100 / 5290B020	White Rock Baths - Main and Small Hall Level	Further protection of interior spaces from water ingress with use of plastic sheeting at high level and internal guttering where new ingress occurs.	0	0	0	0	5,000	0	5,000	0	5,000	15,000
20156B1100 / 5290B020	White Rock Baths - Prom Entrance Superstructure	2 no. roof level vent terminals to lower basement - replacement of old plywood and timber boxings with louvred metal replacements.	0	0	0	0	12,000	0	0	0	0	12,000

Business Plan

Appendix 2

Foreshore Trust Spending Plan			2018-2019	2018-2019	2018-2019	2019-2020	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	Total
Cost centre	PROPERTY	DESCRIPTION OF WORK	Budget	REVISED ESTIMATE	OUTTURN	Current spend to end of August	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE	ESTIMATE
			£	£	£	£	£	£	£	£	£	£
20156B1100 / 5290B020	White Rock Baths - Promenade Level	Main central entrance superstructure and lightwell upper and lower walls - external redecorations (Inc. White Rock Community Hub frontage)	0	0	0	0	15,000	0	0	15,000	0	30,000
20156B1100 / 5290B020	White Rock Beach Chalets	Timber walls - external redecoration	0	0	0	0	5,000	0	0	5,000	0	10,000
20156B1100 / 5290B020	White Rock Beach Chalets	Timber roofs - routine re-felting		0		0	0	0	0	0	0	0
20156B1100 / 5290B020	White Rock Promenade - Timber Kiosk	Timber curved refreshment kiosk with sliding doors and flat roof		0		0	0	0	0	0	0	0
20156B1100 / 5290B020	White Rock Promenade - Timber Kiosk Decking	Timber decking and ramps around kiosk -minor repairs	0	0	0	0	0	0	500	0	500	1,000
20156B1100 / 5290B020	White Rock Promenade - Timber Kiosk Decking	Improvement or replacement of metal perimeter upstands to timber decking	0	0	0	0	0	5,000	0	0	0	5,000
20156B1100 / 5290B020	White Rock Promenade (FST owned area only)	Timber seating, benches, waste bins, & planters - repairs and maintenance.	0	0	0	0	500	500	500	500	500	2,500
20156B1100 / 5290B020	White Rock Promenade (FST owned area only)	Rationalisation of timber seating, benches and waste bins.	0	0	0	0	0		20,000	0	0	20,000
20156B1100 / 5290B020	White Rock Promenade Kiosk	Maintenance	3,000	3,000	0	0	0	3,000	0	0	0	3,000
20156B1100 / 5290B020	Winch Road	Maintenance & lighting	2,000	2,000	0	0	2,000	2,000	2,000	2,000	2,000	10,000
<b>Total of Cyclical Repairs and Redecorations</b>			<b>90,000</b>	<b>77,000</b>	<b>56,376</b>	<b>5,889</b>	<b>173,000</b>	<b>137,500</b>	<b>159,500</b>	<b>193,500</b>	<b>161,500</b>	<b>825,000</b>
<b>Projects (main programme)</b>												
20159B1102 / 5293B022	Beachfront	Public Art Project	25,000	0	0	0	50,000	25,000	0	0	0	75,000
20159B1100 / 5293B022	Beachfront	New signage to RNLI standard potential 50% contribution from RNLI	40,000	40,000	0	0	0	0	0	0	0	0
20154B1102 / 5287B020	Winch road	Winch road upgrade**	5,000	5,000	0	0	0	0	0	0	0	0
20159B1102 / 5293B022	Beachfront	Children's play area	5,000	5,000	3,924	0	0	0	0	0	0	0
20159B1102 / 5293B022	Beachfront	Fishing fleets Ice maker	15,800	15,800	15,843	0	0	0	0	0	0	0
20159B1102 / 5293B022	Beachfront	Pelham Hut Play Facility - Play and Sports Hub	25,000	25,000	24,900	0	0	0	0	0	0	0
20162B1102 / 5298B022	Footpaths around Pelham Beach Children's Playground area & Promenade area in Denmark Place.	Surfacing Works	25,000	0	0	0	25,000	25,000	0	0	0	50,000
	Marine litter project		20,000	20,000	0	0	0	0	0	0	0	0
	Access Audit	Implement prioritised actions	20,000	20,000	0	0	0	0	0	0	0	0
20159B1102 / 5293B022	Landscaping - adj. to boating lake		15,000	15,000	209	0	6,000	6,000	0	0	0	12,000
20162B1102 / 5298B022	White Rock Fountain	Work to enhance Coastal Communities funded 4 landscaping with fountain. Total costs £270,000 of which the Trust has approved £175,000, CCF £95,000.	175,000	0	0	13,184	175,000	0	0	0	0	175,000
20161B1102 / 5296B022	Contingency	Project Work Contingency	25,000	25,000	0	0	25,000	25,000	25,000	25,000	25,000	125,000
<b>Total Projects - Main Programme</b>			<b>395,800</b>	<b>170,800</b>	<b>44,876</b>	<b>13,184</b>	<b>281,000</b>	<b>81,000</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>	<b>437,000</b>
<b>TOTAL PROGRAMME</b>			<b>485,800</b>	<b>247,800</b>	<b>101,252</b>	<b>19,073</b>	<b>454,000</b>	<b>218,500</b>	<b>184,500</b>	<b>218,500</b>	<b>186,500</b>	<b>1,262,000</b>



## Indicative Forward Plan

	Outturn 2018-19	Budget 2019-20 £'000	Budget 2020-21 £'000	Budget 2021-22 £'000	Budget 2022-23 £'000	Budget 2023-24 £'000
<b>Incoming Resources</b>						
Investment Income	(8)	(5)	(5)	(6)	(6)	(6)
Incoming resources from Charitable activities	(1,126)	(1,235)	(1,259)	(1,284)	(1,310)	(1,336)
Rental income	(274)	(237)	(242)	(247)	(252)	(257)
<b>Total incoming resources</b>	<b>(1,408)</b>	<b>(1,477)</b>	<b>(1,506)</b>	<b>(1,537)</b>	<b>(1,568)</b>	<b>(1,599)</b>
<b>Resources Expended</b>						
Loan repayments	33	33	33	33	33	34
Charitable Activities* (excluding Capital charges)	856	970	989	1,009	1,030	1,050
Maintenance projects and cyclical repairs	56	173	138	160	194	162
Governance costs	101	120	123	124	128	130
<b>Total resources expended</b>	<b>1,046</b>	<b>1,296</b>	<b>1,282</b>	<b>1,326</b>	<b>1,384</b>	<b>1,376</b>
<b>Total Operating (Surplus)/Deficit</b>	<b>(362)</b>	<b>(181)</b>	<b>(224)</b>	<b>(211)</b>	<b>(184)</b>	<b>(224)</b>
General Grants	60	60	60	60	60	60
Events Grants	23	37	30	30	30	30
Charitable Giving Grants Scheme Projects**	0	0	0	175	175	175
	45	281	81	25	25	25
<b>(Surplus)/Deficit</b>	<b>(234)</b>	<b>197</b>	<b>(53)</b>	<b>79</b>	<b>106</b>	<b>67</b>
Usable current assets	1,445	1,685	1,488	1,541	1,462	1,356
Usable current assets carried forward	1,685	1,488	1,541	1,462	1,356	1,289
<b>Minimum Reserves</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>	<b>900</b>

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Risk Register - Foreshore Trust (FST)

	Service	Potential Risk	Risk Rating (Likelihood / Impact)	Potential Impact	Responsibility for controls	Steps to mitigate risk, time frame for implementation and latest position
1	FT	Corporate Governance non – compliance with articles of association or Charity Commission rules scheme dated 13.01.2011 Charity Law	Medium / High	<ul style="list-style-type: none"> <li>- Failure to deliver on priorities (reputational and financial)</li> <li>- Financial – legal challenge and costs of that</li> <li>- Suspension of Charity</li> </ul>	- Chief Legal Officer	<ul style="list-style-type: none"> <li>- Protector attendance at Charity Committee meetings and provision of relevant paper work.</li> <li>- Providing legal advice as appropriate</li> <li>- Training for Charity Committee members</li> </ul>
2	FT	<p>Charity Committee administration</p> <p>Statutory publication deadlines missed for agendas and the Forward Plan and meetings have to be cancelled delaying key decisions.</p> <p>Officers/Services miss deadlines for reports.</p>	Low / Medium	<ul style="list-style-type: none"> <li>- Legal</li> <li>- Leaves HBC open to challenge, for example if Planning applications are delayed or budget deadlines missed.</li> <li>- Financial – costs of legal challenges.</li> <li>- Reputational.</li> </ul>	- Policy and Partnerships Manager	<ul style="list-style-type: none"> <li>- Professionally trained staff</li> <li>- Officers frequently chased and reminded about report deadlines.</li> <li>- Professional advice</li> <li>- Forward Plan on ModGov</li> </ul>
3	FT	<p>Income</p> <p>Loss of Visitors to Hastings e.g. Major Pollution incident, water quality, major disaster elsewhere in Hastings.</p>	Medium / High	<ul style="list-style-type: none"> <li>- Budget deficit</li> <li>- Loss of 6 months income would equate to around £700,000</li> </ul>	<p>Assistant Director – Financial Services and Revenues</p> <p>- Chief Accountant</p>	<ul style="list-style-type: none"> <li>- Ensure regular budget monitoring reports distributed followed up by meetings</li> <li>- Report variances to Charity Committee so any budget deficits can be addressed</li> <li>- Report variances at each meeting</li> <li>- Maintain adequate Reserves</li> </ul>

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	Service	Potential Risk	Risk Rating (Likelihood / Impact)	Potential Impact	Responsibility for controls	Steps to mitigate risk, time frame for implementation and latest position
4	FT	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)	- Assistant Director Regeneration & Culture - Assistant Director – Financial Services and Revenues - Principal Building Surveyor - Estates Manager	- 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
5	FT	Unforeseen operational expenditure	Medium / High	- Reputation damage - Unable to meet commitments - Legal liabilities	- Assistant Director Regeneration & Culture	- Maintain adequate Reserves
6	FT	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 (cash) £1.42m	Assistant Director – Financial Services and Revenues	- Use of External Advisers – Capita Asset Services - 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
7	FT	Cash collection contract - Firm collapses - Theft by company	Low / Low Low / Low	- Loss of money (up to £200k)	Assistant Director – Financial Services and Revenues	- Continue daily monitoring of cash banked - Regular communication with supplier if the contract is not complied with Insurance. (A new cash Collection company was employed from February 2018)
8	FT	Uninsured properties / risks	Low / Medium	- Properties not insured  - Loss of money in the event of uninsured loss	Assistant Director – Financial Services and Revenues	- Ensure thorough renewals process each year - Make sure we liaise with estates/building services to ensure all properties are properly insured.

	Service	Potential Risk	Risk Rating (Likelihood / Impact)	Potential Impact	Responsibility for controls	Steps to mitigate risk, time frame for implementation and latest position
9	FT	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>- Assistant Director – Financial Services and Revenues</li> <li>- Chief Accountant</li> </ul>	<ul style="list-style-type: none"> <li>- Robust HBC financial systems</li> <li>- HBC business continuity planning</li> </ul>
10	FT	Loss of key staff	Medium / High	<ul style="list-style-type: none"> <li>- Stress</li> <li>- Errors / omissions</li> <li>- Financial loss</li> <li>- Incorrect advice</li> </ul>	<ul style="list-style-type: none"> <li>- Chief Accountant</li> <li>- Assistant Director</li> <li>- Financial Services and Revenues</li> <li>- Chief Legal Officer</li> <li>- Executive Manager People and Organisational Development</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>
11	FT	Changes in Financial 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>Assistant Director – Financial Services and Revenues</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 (BDO/ Grant Thornton in future) and also Foreshore Trust auditors (Manningtons)</li> <li>- Train staff</li> </ul>
12	FT	<ul style="list-style-type: none"> <li>Budget settings</li> <li>- No decisions</li> <li>- Late decisions</li> <li>- No processes</li> </ul>	Low / High	<ul style="list-style-type: none"> <li>- Poor Financial management</li> </ul>	<ul style="list-style-type: none"> <li>- Assistant Director – Financial Services and Revenues</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>

	Service	Potential Risk	Risk Rating (Likelihood / Impact)	Potential Impact	Responsibility for controls	Steps to mitigate risk, time frame for implementation and latest position
13	FT	External suppliers - Bankruptcy, Administration	Medium / Medium	- Depends which contract	- Chief Accountant	- Financial health checks on contracts
14	FT	Unsafe structures leading to Public Liability Claims e.g. injury on trust land	Medium / Medium	- Financial Loss  - Reputation	- Assistant Director Regeneration & Culture	- Regular evidenced inspections carried out. - Proactive works maintenance programme carried out
15	FT	Changes in legislation – Charity Law	Low / Medium	- Reputation undermined - Financial penalty	- Chief Legal Officer	- Professionally trained legal staff
16	FT	Brexit	High / Medium	Economic downturn (permanent or temporary)  - Loss of Parking Income - Inflationary pressures - Grant reductions – EU funding will reduce.	Assistant Director – Financial Services and Revenues  Assistant Director Regeneration & Culture	Uncertainty in the run up to Brexit, and the final form, timing of transition period or any further votes will lead to a period of uncertainty. This in itself may provide an economic downturn which may be temporary or longer term depending upon the deal reached – and acceptance or otherwise.  A reason to maintain reserves and consider carefully future repair and maintenance obligations before determining further significant use of reserves.
17	FT	Conflict of Interest with HBC	Medium / High	- Reputational - Suspicion	- Chief Legal Officer  - Assistant Director – Financial Services and Revenues	- Professional advice - Protector

	<b>Service</b>	<b>Potential Risk</b>	<b>Risk Rating (Likelihood / Impact)</b>	<b>Potential Impact</b>	<b>Responsibility for controls</b>	<b>Steps to mitigate risk, time frame for implementation and latest position</b>
18	FT	Annual Return and/or Annual Accounts not completed on time	Low / Medium	- Reputational	- Chief Legal Officer - Assistant Director – Financial Services and Revenues	- Prioritised - Diarised



## Reserves Policy (Charity Commission Guidance)

### 1. Introduction

In determining the policy in Appendix 6 of this report due recognition has been taken of the Charity Commission guidance on this area (Charities and Reserves (CC19), June 2010 and updated in January 2016). This guidance is written for trustees of all types of charities, whether they are companies, trusts or associations. It explains what is meant by the term reserves, the trustees' responsibility to consider whether their charity needs reserves, and what to bear in mind when developing a policy on reserves.

### 2. Common Terminology

To understand the rules surrounding the establishment and use of reserves there is a need to understand the terminology used in accounting for charities.

**Designated funds** are part of the unrestricted funds which trustees have earmarked for a particular project or use, without restricting or committing the funds legally. The designation may be cancelled by the trustees if they later decide that the charity should not proceed or continue with the use or project for which the funds were designated.

**Income and income funds** means all incoming resources that become available to a charity and that the trustees are legally required to spend in furtherance of its charitable purposes within a reasonable time of receipt. Income funds may be unrestricted or restricted to a particular purpose of the charity.

**Programme related** or social investment is not 'investment' in the conventional sense of a financial investment. Conventional investments involve the acquisition of an asset with the sole aim of financial return which will be applied to the charity's objects. Programme related or social investments, by contrast, are made directly in pursuit of the organisation's charitable purposes. Although they can generate some financial return, the primary motivation for making them is not financial but the actual furtherance of the charity's objects.

**Restricted funds:** Restricted funds are funds subject to specific trusts, which may be declared by the donor(s) or with their authority (eg in a public appeal) or created through legal process, but still within the wider objects of the charity. Restricted funds may be restricted income funds, which are spent at the discretion of the trustees in furtherance of some particular aspect(s) of the objects of the charity, or they may be endowment funds, where the assets are required to be invested, or retained for actual use, rather than spent.

**Risk** is used in this guidance to describe the uncertainty surrounding events and their outcomes that may have a significant financial impact. Risk may either enhance or inhibit any area of a charity's operations.

**Unrestricted funds** (including designated funds): Unrestricted income funds are income or income funds which can be spent at the discretion of the trustees in furtherance of any of the charity's objects. If part of an unrestricted income fund is earmarked for a



particular project it may be designated as a separate fund, but the designation has an administrative purpose only, and does not legally restrict the trustees' discretion to spend the fund.

### **3. Understanding reserves and the need for a reserves policy**

#### **What are reserves?**

Reserves are that part of a charity's unrestricted funds that is freely available to spend on any of the charity's purposes. This definition excludes restricted income funds and endowment funds, although holding such funds may influence a charity's reserves policy. Reserves will also normally exclude tangible fixed assets such as land, buildings and other assets held for the charity's use. It also excludes amounts designated for essential future spending.

Reserves also exclude funds which have particular restrictions on how they can be used. Trustees should consider for what purpose restricted funds are held and how they are being used in order to identify those resources that are freely available to spend.

#### **Unrestricted funds**

The starting point for calculating the amount of reserves held will normally be the amount of unrestricted funds held by a charity. However, part of the unrestricted funds of a charity may not always be readily available for spending. For example:

- **Tangible fixed assets**

The Charities SORP specifically allows funds held as tangible fixed assets for charity use to be excluded from reserves - this recognises that certain assets will be used operationally and their disposal may adversely impact on a charity's ability to deliver its aims.

- **Programme-related investments**

Where a charity makes programme-related investments solely to further its charitable purposes, then such investments can be excluded from reserves.

- **Designated funds**

Where unrestricted funds are earmarked or designated for essential future spending, for example, to fund a project that could not be met from future income alone they can be excluded from reserves - in such cases the reserves policy should explain the nature and amount of the designation and when the funds set aside are likely to be spent; it is never acceptable to set up designations simply to reduce the stated level of reserves.

#### **Restricted funds**

Restricted funds fall outside the definition of reserves, but the nature and amount of such funds may impact on a charity's reserves policy. Where significant amounts are

held as restricted funds the nature of the restriction should be considered, as such funds may reduce the need for reserves in particular areas of the charity's work. These factors and their potential impact on the reserves policy are explained in Annex 2 of the charity commission's guidance.

## **Reserves held by subsidiaries**

A charity may carry out activities through one or more trading subsidiaries and, in such cases, group or consolidated accounts may be required. Group accounts show the activities and resources of the charity and its subsidiaries. Where group accounts are prepared, the annual report will provide a narrative of the group's activities. In particular, the amount of reserves stated must take account of the net assets of subsidiaries.

## **Why is a reserves policy important?**

A reserves policy explains to existing and potential funders, donors, beneficiaries and other stakeholders why a charity is holding a particular amount of reserves. A good reserves policy gives confidence to stakeholders that the charity's finances are being properly managed and will also provide an indicator of future funding needs and its overall resilience.

The Charities SORP requires a statement of a charity's reserves policy within its annual report. In addition, if a charity operates without a reserves policy, the regulations require this fact to be stated in the annual report.

## **In more detail**

Deciding the level of reserves that a charity needs to hold is an important part of financial management and forward financial planning. Failure to do this may result in reserves levels which are either:

- higher than necessary and may tie up money unnecessarily. Holding excessive reserves can unnecessarily limit the amount spent on charitable activities and the potential benefits a charity can provide
- too low, increasing the risk to the charity's ability to carry on its activities in future in the event of financial difficulties, and increasing the risks of unplanned and unmanaged closure and insolvency

All charities need to develop a policy on reserves which establishes a level of reserves that is right for the charity and clearly explains to its stakeholders why holding these reserves is necessary.

A reserves policy provides essential accountability to funders, donors and other stakeholders. A good reserves policy will explain how reserves are used to manage uncertainty and, if reserves are held to fund future purchases or activities, it will explain how and when the reserves will be spent. A reserves policy provides assurance that the finances of the charity are actively managed and its activities are sustainable.

In particular, a reserves policy will:

- give confidence to funders by demonstrating good stewardship and active financial management
- demonstrate the charity's resilience and capacity to manage unforeseen financial difficulties to beneficiaries, funders and the public
- give voluntary funders, such as grant-makers, an understanding of why funding is needed to undertake a particular project or activity
- give assurance to lenders and creditors that the charity can meet its financial commitments
- manage the risk to a charity's reputation from holding substantial unspent funds at the year-end without explanation

Developing a reserves policy is also an important part of the internal financial management of a charity. Developing a reserves policy is likely to:

- assist in strategic planning, for example considering how new projects or activities will be funded
- inform the budget process, for example is it a balanced budget or do reserves need to be drawn down or built up?
- inform the budget and risk management process by identifying any uncertainty in future income streams

The commission recommends that charities develop their reserves policy and their planning at the same time, recognising that strategic and financial planning informs the development of reserves policies and vice versa. For example, the budgets will identify peaks or troughs in cash flow and the reserves policy will need to ensure the troughs in funding can be met from reserves held.

### **3.3 How should a reserves policy be developed?**

There is no single method or approach to setting a reserves policy. The approach adopted will vary with the size, complexity of activities, legal structure and the nature of funds received and held by a charity. However, for all charities, setting a reserves policy will involve:

- consideration of the nature of the funds received and held by the charity - are the funds unrestricted or restricted income? Is an endowment an expendable endowment or permanent endowment? Understanding the nature of the funds allows trustees to identify unrestricted funds which can be spent on any purposes of the charity
- larger charities are likely to have a formal risk management process but all charities need to think about uncertainties they may face in the future; they should therefore consider the need to hold some reserves to meet an unexpected call on funds or opportunities that may present themselves

- larger charities are likely to have strategic and operational plans - but all charities need to think about their future budgets and future projects or spending plans that cannot be met from the income of a single year
- trustees choosing to adopt a 'zero level' reserves policy must say in their annual return that they have adopted such a policy and should explain why; such a policy can create heightened financial risk from the possibility of unforeseen expenditure, sudden closure, trustee liability, a shortfall in income or an inability to control costs, unless the trustees have a workable alternative to holding reserves for addressing these risks

By working through these steps the trustees will be well placed to identify why reserves might need to be held and to decide the amount of reserves needed to operate effectively.

Once a reserves policy is set, it should not be regarded as a static policy. The circumstances of a charity or the environment in which it operates will change with time and trustees should review their policy at least annually as part of a charity's planning processes. The amount held in reserves should also be monitored during the course of the year as part of a charity's budgetary processes.

Annex 1 of the guidance sets an approach to setting a reserves policy that can be used by smaller charities which do not hold significant amounts of endowed funds, property or operate a defined benefit pension scheme or carry out activities through trading subsidiaries.

Annex 2 of the guidance sets out an 'integrated approach' for larger charities with more complex activities and structures. An integrated approach to setting a reserves policy means the development of the development of a reserves policy at the same time as doing strategic, operational, and budgetary planning.

### **3.4 What level or range of reserves is required?**

#### **Short answer**

There is no single level, or even a range of, reserves that is right for all charities. Any target set by trustees for the level of reserves to be held should reflect the particular circumstances of the individual charity. To do this, trustees need to know why the charity should hold reserves and, having identified those needs, the trustees should consider how much should be held to meet them.

#### **In more detail**

The charity's target level of reserves can be expressed as a target figure or a target range and should be informed by:

- its forecasts for levels of income for the current and future years, taking into account the reliability of each source of income and the prospects for developing new income sources

- its forecasts for expenditure for the current and future years on the basis of planned activity
- its analysis of any future needs, opportunities, commitments or risks, where future income alone is likely to fall short of the amount of the anticipated costs
- its assessment, on the best evidence reasonably available, of the likelihood of a shortfall arising which means that reserves are necessary, and the potential consequences for the charity of not being able to make up the shortfall
- if the reserves policy is set at zero or a low level, its strategy for an orderly closure in the event of an unplanned shutdown and insolvency and particularly where there are vulnerable beneficiaries, the care of its beneficiaries

Trustees who hold (or do not hold) reserves without attempting to relate their need for reserves to factors such as these will have difficulty in satisfactorily explaining why they hold (or do not hold) the amount of reserves that they do.

### **3.5 What steps should trustees take to maintain and monitor reserves at the target level?**

#### **Short answer**

Reserves are held to help the charity operate effectively. Trustees should keep their reserves policy and the level of reserves held under review. Trustees should also monitor the level of reserves held throughout the year. In this way trustees will be aware of the buildup of excess reserves or of reserves being unexpectedly or rapidly depleted.

#### **In more detail**

Having set the reserves level or range in which it is desirable to operate, trustees should monitor the reserves actually held to establish the reason for any significant difference with the target level set. If reserves during the year are below target or exceed target, the trustees should consider whether this is due to a short-term situation or a longer-term issue. Action may be needed to replenish or spend reserves.

The trustees' monitoring of reserves should not just be a year-end procedure. How the level of reserves changes during the year can be a good indicator of the underlying financial health of the charity and can be an indicator of potential problems. The level of reserves should be monitored throughout the year as part of the normal monitoring and budgetary reporting processes.

In particular, trustees should:

- identify when reserves are drawn on so that they understand the reasons and can consider the corrective action, if any, that needs to be taken
- identify when reserve levels rise significantly above target so that they understand the reasons and can consider the corrective action, if any, that

needs to be taken

- where the reserves level is below target, consider whether this is due to short-term circumstance or longer term reasons which might trigger a broader review of finances and reserves
- regard the ongoing review of the reserves target, the reserves level and the reserves policy as part of managing the charity
- ensure that the reserves policy continues to be relevant as the charity develops or changes its strategy and activities
- review the statement on reserves in the trustees' annual report where there have been significant changes in the reserves policy or level of reserves held

Charities with very low or no reserves which face financial difficulty should read the commission's guidance "Managing a charity's finances: planning, managing difficulties and insolvency (CC12)".

## **4. Explaining reserves in the annual report**

### **4.1 Explaining the charity's reserves policy in its annual report**

The Charities SORP requires all charities preparing accruals-based accounts, other than those charities following a more specialist SORP, to set out their reserves policy in their annual report. The regulations also require a charity that does not have a reserves policy to state this fact in their annual report.

The Charities SORP requires trustees to include in their annual report:

- a statement of their policy on reserves
- the level of reserves held and an explanation of why they are held
- where material funds have been designated, the amount and the purpose of the designation should be explained
- where designated funds are set aside for future expenditure, the likely timing of that expenditure

These requirements of the Charities SORP are given legal force by the Regulations, which also require a statement in the event of a charity not having a reserves policy.

### **4.2 The charity has no reserves or has excess reserves**

Whatever the trustees' policy is, beneficiaries, funders and the commission as regulator should be able to see how it has been justified.

#### **No or insufficient reserves**

In some cases, a charity may decide to operate without any reserves. Some trustees budget to spend all the income received each year on the charity's activities. Other

charities may find that the terms of some sources of funding do not allow the funds to be set aside as a reserve.

Having no reserves can create financial risk from the possibility of unforeseen expenditure, a shortfall in income or an inability to control costs. Trustees choosing to adopt a 'zero level' reserves policy should consider the financial and other risks inherent in such a policy and must explain their policy in the trustees' annual report.

Trustees should base their reserves policy on the risks that a charity and its beneficiaries might face and how to manage them. A charity's reserves policy should justify why it doesn't keep any reserves or how it is managing insufficient reserves. Whatever the trustees' policy is, beneficiaries, funders and the commission as regulator should be able to see how it has been justified.

Some charities will be able to justify holding a certain level of reserves but will be unable to build up reserves to that level, or perhaps to any level at all. Many recently established charities in particular, will be in that position. While the commission accepts that some charities will simply not have had the resources to establish a reserve, the commission still expects such charities to have a reserves policy.

Where a charity hasn't got the reserves it thinks it needs, it is exposed to greater risk and the commission expects the trustees to be addressing this actively by, for example, planning how to:

- implement their reserves policy
- raise the necessary funds
- diversify their funding base
- mitigate the risks that might arise if the charity has to close suddenly

### **Where a charity's reserves appear to be too high**

A charity's level of reserves or unspent funds can appear to donors, beneficiaries or the commission to be too high and this is generally for two reasons:

First, because the trustees have not explained fully the reasons why they are keeping reserves. If this is the case, they should review their policy and ensure that it fully justifies why funds are being kept in reserve. If, for example, a charity is using a standard form of reserves policy wording, it is not likely that it will tell the charity's story or explain why the charity has the level of unspent income that it does.

Second, because they are having difficulty in using their funds. A charity with excess reserves or unspent funds should consider whether they could be effectively spent on the charity's purposes. If a charity has more resources than it needs to fulfil all of its purposes then the trustees must consider whether the purposes of the charity should be amended to enable the charity to operate more effectively.

### **Questions to be asked when setting the Policy**

#### **Question 1. Why might you need reserves for the charity to be effective?**

The basis of a good reserves policy is thinking through exactly why you might need to hold back some funds as reserves. In a small charity, with a simple structure and uncomplicated activities, the reasons might include:

- a) The risk of unforeseen emergency or other unexpected need for funds, eg an unexpected large repair bill or finding 'seed-funding' for an urgent project.
- b) Covering unforeseen day-to-day operational costs, e.g. employing temporary staff to cover a long-term sick absence.
- c) A source of income, eg a grant, not being renewed. Funds might be needed to give the trustees time to take action if income falls below expectations.
- d) Planned commitments, or designations, that cannot be met by future income alone, eg plans for a major asset purchase or to a significant project that requires the charity to provide 'matched funding'.
- e) The need to fund short-term deficits in a cash budget, e.g. money may need to be spent before a funding grant is received.

If, after considering the above, you think that reserves are needed please go to question 2. If you conclude that your charity does not need to hold any reserves, then you must explain that in your annual report.

### **Question 2. How much do you need in reserve?**

The reserves level may be a target amount or a target range. For example, for each reason set out in question 1:

- a) An amount might be needed to meet an unforeseen emergency or other unexpected need - consider risks and how much might be needed for such contingencies; this will involve judgement of events that may occur and their likelihood.
- b) Look at your expenditure budget - do you need a small contingency fund to meet unforeseen operational costs?
- c) Uncertainty over future income might mean having reserves equivalent to a number of weeks of income equivalent to a range of £x to £y, to allow time to develop new sources of income or to cut-back on related expenditure.
- d) A planned spending commitment 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 accounts.
- e) An amount might be needed to cover 'troughs' in the cash budget - review budgets to ascertain how much might be needed.

In summary, the financial risks you identify should influence the amount of reserves you target to hold and be explained in your reserves policy.



Setting a reserves policy is not a task undertaken in isolation. A reserves policy is a product of a charity's strategic planning, budgeting and risk management processes. These processes provide trustees with the information they need to establish exactly why they might need reserves and to help them quantify that need. The steps involved in these processes are interrelated with the outcome of one process informing another. For example, identified financial risks will inform both budgeting and the reserves policy. Setting a reserves policy can be approached in different ways.

- Step 1 - Understanding the nature of charitable funds held;
- Step 2 - Identifying functional assets;
- Step 3 - Understanding the financial impact of risk;
- Step 4 - Reviewing sources of income;
- Step 5 - Impact of future plans and commitments;
- Step 6 - Agreeing a reserves policy.

## Foreshore Trust - 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.

Policy: £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 £1,296,000. It is suggested that a contingency of £100,000 be retained for unexpected and unforeseen operational expenditure. This equates to 7.7% of 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 £700,000.

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.

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 :-

<b>Ref.</b>	<b>Risk Area/ Designated Funds</b>	<b>Amount (£)</b>
a)	Unforeseen emergency/event	£100,000
b)	Unforeseen operational costs/contingency	£100,000
c)	Uncertainty on Income streams	£700,000
	<b>Total</b>	<b>£900,000</b>
Plus	Planned Spending Commitments e.g. R&R	

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