

Report to: Charity Committee

Date of Meeting: 21 March 2016

Report Title: Foreshore Trust 2016/17 Budget and Financial Report

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Purpose of Report

To advise members of the Committee on the current years's financial position (2015/16) and to determine the budget for 2016/17

Recommendations

- 1. To agree the current financial position for 2015/16.**
- 2. The allocation of general grants for 2016/17 be set at £50,000 and event grants at £20,000.**
- 3. Approve the proposed expenditure funded from Reserves - albeit further Committee approval to proceed is required for a few schemes.**
- 4. Approve the budget for 2016/17.**
- 5. Financial monitoring reports continue to be presented at each meeting of the Charity Committee.**

Reasons for Recommendations

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

A surplus slightly above budget expectations is anticipated for 2015/16 in respect of ongoing operations. This enables the Committee to establish a prudent level of grant allocations that can be distributed as part of the 2016/17 budget process.

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

Introduction

1. The Foreshore Trust derives its income mainly from car parking and property leases/licences.
2. Appendix 1 attached provides a summarised financial position for 2015/16.
3. The budget for 2016/17 is presented at the March meeting of the Committee- prior to the start of the new financial year which runs from 1 April to 31 March.

Financial Position 2015/16

4. The budget agreed in March 2015 identified budgeted income at £1,136K and expenditure at £888K – representing an operating surplus of £248k. The expected outturn estimates a surplus for the year of £292K, after direct governance costs, but before distribution of grants, capital charges and before use of reserves.
5. Parking income is currently anticipated to be £41K over the original budget, expenditure projections are currently £3K less than original budget.

Business Plan 2015/16

6. The Charity Committee on 27 July 2015 approved an increase in the funding for promenade resurfacing from Robertson Street to the Pier, which resulted in an increase in the main programme project budget from £499k to £537K for 2015/16. There was also agreement to reconsider the landscaping/fountain works and the establishment of a kiosk when there is more certainty of the Trust's financial position - papers for which are elsewhere on the agenda. The Charity Committee of 14 December 2015 approved the re-profiling of the safety signage (RNLI signs) to 2016/17.

Business Plan 2016/17- 2018/19

7. Main programme: As outlined above, the spend on the RNLI signs is re-profiled to 2016/17. Likewise the £20k for the water feature and landscaping, which requires further approval, is re-profiled to 2016/17 and in addition funding increased to £50k - primarily for the water feature. Further projects have been included in the main programme in order to provisionally earmark funds. These are £25K for children's additional playground equipment, £20k for a marine litter project and £5k for Stade Open Space landscaping. These projects are subject to further approval and a report on these proposed projects will be submitted at a future Charity Committee meeting.
8. Maintenance projects and cyclical repairs: The maintenance budget has been increased for the White Rock Baths for roof level louvres and additional measures to prevent water ingress (if necessary), and by £10k a year in future years to cover ongoing maintenance responsibilities not covered by the tenant.
9. The level of programmed spend will continue to reduce the cash balances held by the Trust in the near future, but the Trust will still retain reserves above the

minimum level identified within the Reserves Policy – subject to no unexpected calls on the reserves and no reduction in the expected levels of car parking and fee income.

10. The current programme of works is identified in Appendix 2. The Committee has approved expenditure on the majority of schemes these schemes with the exception of the landscaping/water feature works, newly proposed soakaways for the Winch Road project. The cost of the kiosk has been excluded from the business plan at the present time.

Indicative Budget 2016/17

11. Indicative budget figures for 2016/17 are included within Appendix 1, and the proposed Business Plan which incorporates the changes described above are within Appendix 2.
12. The estimated spend in 2016/17 is £956k and income is estimated at £1,188K, leaving a projected surplus (before grant distribution and use of reserves) of £232k.
13. It should be noted that the budget includes provision for loan repayments in respect of the White Rock Baths and the income from the Source (new tenant). One of the loans made to the Trust by the Council (£127,000) is in place until such time as a land sale/swap is agreed in respect of land at West Marina – as reported at the last meeting of the Charity Committee. The 2016/17 budget allows for the full year cost of the loan in the event that this is not completed. The expectation remains that this sale will be completed, in which case the Trust's expenditure will decrease by some £13,815 p.a. (less any interest accrued).
14. The Budget for 2016/17 needs to be agreed at the Charity Committee's meeting on the 21 March 2016 i.e. prior to the start of the new financial year.

Indicative Forward Plan

15. The indicative Forward plan has been included within Appendix 3. This identifies projected cash balances for future years and hence affordability of current initiatives and commitments.

Reserves

16. The total effective cash balances on the Trust accounts at the 31 March 2015 amounted to £1.38m. With the revisions to the business plan and projected operating surpluses, the revised cash balances for future years are estimated as follows :-

£1,113m as at 31st March 2016,
£1.111m as at 31st March 2017,
£1.272m as at 31st March 2018,
£1.436m as at 31st March 2019.

17. The reserves policy identifies £690,000 as the suitable level to maintain given the potential risks faced by the Trust (no change is recommended).

Use of Surpluses

18. The Trust has a duty to maintain its assets and only thereafter to consider the use of any surpluses for the benefits of the community.

Financial Monitoring and Accounting Arrangements

19. The Committee receives updated financial monitoring information at each of its meetings. This is in addition to the normal reporting requirements such as budget determination, final accounts and the receipt of any Auditors reports.

20. The Council has been managing the activities of the foreshore for many years. Income generated and expenditure incurred in respect of activities concerning the Foreshore Trust assets are separately accounted for by the Council. Draft accounts are prepared annually by the Council before being formalised by a private accountancy firm and audited. The final accounts for 2015/16 will be presented to the Committee in September 2016.

Wards Affected - None

Policy Implications

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

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

Additional Information

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

Officer to Contact

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