

Charity registration number: 1105649

Hastings and St Leonards Foreshore Charitable Trust  
Annual Report and Financial Statements  
for the Year Ended 31 March 2014

**Hastings and St Leonards Foreshore Charitable Trust**  
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**Hastings and St Leonards Foreshore Charitable Trust**  
**Reference and Administrative Details**

<b>Charity name</b>	Hastings and St Leonards Foreshore Charitable Trust
<b>Charity registration number</b>	1105649
<b>Trustee</b>	Hastings Borough Council The Trustee acts through its Charity Committee, whose members are:
<b>Committee Chair</b>	Councillor John Hodges
<b>Committee Members</b>	Councillor Kim Forward (appointed 10 June 2013) Councillor Emily Westley (appointed 26 May 2014) Councillor Jay Kramer (retired 26 May 2014)
<b>Auditor</b>	Manningtons 7 Wellington Square Hastings East Sussex TN34 1PD
<b>Protector</b>	Chritopher May MA, FCA Froghole Oast House Crockham Hill Edenbridge Kent TN8 6TD
<b>Bankers</b>	Co-operative Bank 164/165 Western Road Brighton BN1 2BB

# Hastings and St Leonards Foreshore Charitable Trust

## Trustee's Report

### 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 Trusts 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 appointing Hastings Borough Council as the Trustee for all purposes. This report is prepared by the Trustee as required under the 2011 Scheme.

#### *Significant changes*

Following the Borough Council elections in May 2014 there has been a new appointment to the Charity Committee of Councillor Emily Westley. Councillor Jay Kramer has stepped down.

#### *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. The present Protector is Christopher May MA, FCA, who was appointed as first Protector and has been subsequently reappointed for a further three year term of office. The job 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.

# Hastings and St Leonards Foreshore Charitable Trust

## Trustee's Report

### *Consultation*

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

#### 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
- 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 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 2013/14, they were also consulted upon the details of various business plan projects – contributions to FLAG Stade projects, Pelham cycle hire, car park information signs, play equipment – and policy decisions such as the new angling club lease, seafront byelaws, acceptance of credit cards for parking charges and new disabled parking bays.

#### 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, is 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. During 13/14 three new members were appointed, making eight in total. The members of the Panel are independent of the Council and are required to have knowledge and experience of the voluntary and charity sector, particularly in Hastings.

The Grants Advisory Panel successfully concluded the process of prioritising the year's round of grant making, resulting in the award of grants totalling £38,044 and grants for events totalling £8,540 during 2013/14 (2012/13 £49,980, events £0).

The following grants were awarded in the year:-

	£
Hastings and District Interfaith Forum	1,000
Fellowship of St Nicholas	3,741
Tempo Arts	4,866
Hastings Old Town Residents Association - Story telling	3,800
Hastings Chinese Association	2,100
St Michaels Hospice	2,500
Hastings & Rother Mediation	1,147
Park Road Toddler Group	400

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

### **Trustee's Report**

Gizmo The DIY Theatre Company	3,500
The Links Project	4,500
The Snowflake Trust	3,740
Hastings United Youth Football Trust	1,750
Citizens Advice 1066	5,000

The following grants for events were awarded in the year:-

	£
Hastings Borough Bonfire Society	2,000
Gizmo The DIY Theatre Company	808
Radiator Arts	1,945
Claremont Studios	1,987
Photo Hub Group & Stade Partnership	1,800

#### *Delegation to Officers*

At its first meeting on 25 January 2011, the Charity Committee agreed a Scheme of Delegation to Officers. From 1 April 2012 the Scheme of Delegations has required amending, replacing the Chief Executive with 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:-

- Virginia Gilbert, Head of Leisure and Amenities Services
- Peter Grace, Head of Finance
- Amy Terry, Estates Manager
- Christine Barkshire-Jones is the Chief Legal Officer and 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.

- Jane Hartnell, Monitoring Officer

#### **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.

# Hastings and St Leonards Foreshore Charitable Trust

## Trustee's Report

### 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.

### Achievements and Performance

This has been the third 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 second annual review of the Trust's rolling five-year Business Plan
- the third round of small grant awards (up to £5,000) to local charitable organisations
- new criteria and awards for the first round of grants (up to £2,000) for events on Foreshore Trust land;
- support for further investigations into bringing the White Rock Baths back into use, resulting in the refurbishment of the promenade building into a new hub for the Pier Trust and acceptance of a plan for refurbishment of the under-promenade spaces in partnership with a prospective tenant
- development of the Classroom on the Coast, a fish cookery training facility in the Stade Hall, funded in part by the Fisheries Local Action Group (FLAG)
- agreement to provide match funding to FLAG projects for Stade beach improvements and enhancements to the Stade Open Space
- agreement of the budget for 2014/15 and financial report

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:

- 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

# 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 60% in Trust ownership) and the Stade Hall (wholly Trust owned) is being undertaken by the Council on behalf of the Foreshore Trust. The use of the facilities is overseen by a Management Advisory Committee of community representatives established in 2013. In summer 2013, the 'Stade Saturdays' programme of cultural events continued as the cornerstone of summer use of the Open Space as a community and cultural venue.

### *White Rock Baths*

The Trust is keen to see the use, or at least the partial use of the White Rock bath site. To this end it had spent £207,840 of project costs in the year to 31 March 2014 (2012/13 £75,450) on remedial drainage works and making the promenade building ready for tenant rental. It is expected that further works will be undertaken in the below-promenade spaces in readiness for a new BMX activity facility there, to be opened during 2015/16.

### *Leases*

The following leases were completed during the period:

- Land at the Stade on 7 October 2013 – a new agreement for land supporting a balcony on the East Hasting Sea Angling Association clubhouse.
- Land at the Stade on 24 October 2013 - renewal of the agreement for the Go Kart Track land.
- Upper Promenade Building at White Rock Baths on 10 December 2013 - a new lease to Hastings Pier Charity of part of the building, known as 'the Hub', used as an information/visitor centre for the Pier.
- Land at the Stade on 7 January 2014 – a renewal of the agreement for the land comprising Hastings & St Leonards Angling Association clubhouse and boat compound.

Terms have been agreed with the tenant of the Stade Amusement area to be granted a new lease following the completion of significant improvements to the leased area including the boating lake.

### **Public Benefit**

The objects of the Charity express clearly that the Foreshore is to be held for the benefit of Her Majesty's subjects and the public generally for ever. 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 to 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.

## Hastings and St Leonards Foreshore Charitable Trust

### Trustee's Report

The 2011 Scheme included a new object to distribute surpluses as grants for charitable purposes within the Borough of Hastings. The first round of small grant distribution took place in 2011/12 and was repeated in 2012/13 and 2013/14.

The Trustee has indicated a willingness to undertake further capital works to assets such as the former White Rock Baths if financially sustainable uses which conform to the Trust's objects are identified.

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.

This section should be read in conjunction with the preceding paragraph (Achievements and Performance).

#### Financial Review

The annual accounts are attached to this report. The presentation of the accounts has been enhanced to include more detail in the reserves, by way of note, 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 2014 these were invested as follows:-

CCLA Investment Management - £ 1,837,200 (31 March 2013 £2,168,959)

Co-op Bank- £ 742 (31 March 2013 £727) (the Trust's Bank Account)

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

#### Statement of Financial Activities

	<b>Budget Estimate £000's</b>	<b>Revised Budget £000's</b>	<b>Actual Outturn £000's</b>
<b>Incoming Resources</b>			
Investment Income	15	9	8
Income from Charitable activities	1,079	1,070	1,093
Total Incoming Resources	1,094	1,079	1,100
<b>Resources Expended</b>			
Charitable activities	742	741	760
Maintenance and Cyclical repairs	122	81	78
Governance Costs HBC	51	56	56
Governance Costs (Other)	35	41	32
Total Resources Expended	950	946	926
<b>Surplus before Grants and Reserve Funded items</b>	<b>144</b>	<b>133</b>	<b>174</b>
Grants (including p/y underspend)	70	44	41
Projects and Other Expenditure	435	375	349
<b>Surplus/(Deficit)</b>	<b>(361)</b>	<b>(286)</b>	<b>(216)</b>

## Hastings and St Leonards Foreshore Charitable Trust

### Trustee's Report

In brief, income levels have been sustained this year, whilst expenditure has been reduced from the original budget. Spend and commitments on projects and other expenditure includes £207,870 on White Rock Baths (2012/13 £75,450), £11,770 on beach front play areas and equipment (2012/13 £171,990), £33,901 on Pelham Car park (2012/13 £179,262) £35,266 on FLAG Stade projects, £11,770 on new chalets and £ 77,910 (2012/13 £58,810) on maintenance and cyclical repairs.

The outturn position was a deficit of £140,657 after capitalisation of £75,330 (2012/13 deficit of £36,557) which has been taken from reserves. The surplus before grants and reserve funded items was £174,000.

#### *Future Expenditure Plans 2014/15 and beyond*

In line with the approved Business plan, expenditure on major Projects and Other Expenditure will continue in 2014/15 and will result in an overall deficit for the year, currently budgeted at some £249,000 – this being funded from Reserves.

The 14/15 budget identifies spend on projects and other expenditure amounting to some £458,000. £54,000 of this spend is on cyclical repairs and maintenance and £423,000 is programmed spend, financed from Reserves. The main areas of spend are as follows:-

- £188,000 – Stade FLAG projects capital contributions to Big Beach Environmentally sustainable tourism and Transforming Stade Open Space
- £60,000 – Improved Car Park signage and railings
- £150,000 – Contribution to £822,000 funding package for the White Rock Baths

The current business plan includes the following for Projects and Other Expenditure for the years 2013/14 to 2015/16:

<b>Business Plan</b>	<b>2013/14 Actual £000's</b>	<b>2014/15 Estimate* £000's</b>	<b>2015/16 Estimate £000's</b>	<b>2014/16 Total £000's</b>
<b>Projects and other expenditure</b>				
<i>Cyclical Repairs and Redecorations</i>				
Pier Area		3	3	6
White Rock Baths			15	15
Stade Barriers	2	2	2	4
Cycle Route				-
Public Conveniences	58	6	6	12
Car Parks	7	12	12	24
<i>Total of Cyclical Repairs</i>	67	23	38	61
<i>Maintenance Projects</i>				
Pier Area		30		30
Beach	11	1	27	28
<i>Total Maintenance Projects</i>	11	31	27	69
<i>Main Programme</i>				
White Rock Baths	208	150	350	500
Marina Chalets	11			-
Big Beach Project	36	163		163
Beachfront	60	25		25
Rock a Nore Car Park		40		40
Pelham Place Car Park	34	20		20

**Hastings and St Leonards Foreshore Charitable Trust**  
**Trustee's Report**

Contingency	25	25	50
<i>Total Main Programme</i>	349	423	798
<b>Total Projects and other expenditure</b>	427	477	928

\* 2014/15 estimate adjusted for 2013/14 actual figures (and revisions to the business plan)

*Cost of Professional advice*

Professional advisor fees - £20,260 (2012/13 £19,050)

Auditors/Accountants - £ 3,500 (2012/13 £3,500)

*Trustee Expenses and emoluments*

There were no Trustee expenses charged to the Trust in 2013/14.

£6,060 was paid in 2013/14 (2012/13 £5,240) as a special responsibility allowance to the chair of the charity committee and this is shown as Governance costs in the accounts.

*Reserves Policy*

The policy is reviewed on a regular basis to take account of changes in the future plans of the Trust and perceived risks; the last review being 30th June 2014. Reserves are maintained for a variety of reasons and the main points of the Policy are reproduced 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 judgment 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 £950,000. It is suggested that a 10% contingency (say £90,000) be retained for unexpected and unforeseen operational expenditure.

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

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

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

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

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.

## Hastings and St Leonards Foreshore Charitable Trust

### Trustee's Report

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 :-

<i>Ref</i>	<i>Risk Area/Designated Funds</i>	<i>Amount (£)</i>
a)	Unforeseen emergency/event	100,000
b)	Unforeseen operational costs/contingency	90,000
c)	Uncertainty on income streams	500,000
	Total	690,000

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 £1,846,101 (2013 £1,986,753). 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.

#### **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 same bankers are used (Co-operative Bank), albeit that separate bank accounts are retained. The Council's comprehensive Treasury Management and Investment Policy requirements equally apply when dealing with Trust monies.

#### **Concluding Remarks**

The transfer of the trusteeship to the Council in January 2011 concluded a long and difficult process. The Council has previously thanked the former trustees who were involved in the trust immediately before it transferred to the Council. The Trust and Council also owes a debt of gratitude to Councillor Jay Kramer who has served on the Charity Committee since the transfer of the Trust to the Council in January 2011 until May 2012 and has been instrumental in ensuring the trust operates on a sound footing, with effective governance arrangements in place.

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**

Approved by the Trustee on 29 September 2014

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**Councillor John Hodges**  
**Chair of Charity Committee**

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

### **Protector's Report**

This is my fourth Annual Report as Protector of The Hastings and St Leonards Foreshore Charitable Trust ("Foreshore Trust" for short). It covers my activities from September 2013 to the date of this report. I was reappointed as Protector in March 2014 for a further three-year term.

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.

I have attended all meetings of the Charity Committee save for that held on 30 June 2014, and certain of the meetings of the sub-committees (including the Grant Advisory Panel and the Stade Hall Advisory Committee – see next paragraph).

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.

I note that there is under consideration a proposal to make the White Rock Baths site available for a BMX and skateboard park, incorporating investment on the part of the Foreshore Trust, Hastings Borough Council, East Sussex County Council and the Company which will install and operate the facility. My understanding is that a substantial part of the Foreshore Trust's investment is to be financed by borrowings. Since the Foreshore Trust has not previously raised loan finance, it will be necessary for the Foreshore Trust to review its constitution document (the Scheme dated 15 January 2011) to ensure it has, or can arrange to obtain, the necessary power to borrow money – this process is already under way. Assuming that the project goes ahead, and that the attendant financial risks are satisfactorily shared and managed, this looks to be an attractive way of bringing the White Rock Baths site back into use, and looks to be much the most viable proposal for the site that has so far been considered.

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

**Christopher May FCA**

Protector

18 September 2014

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

### **Trustee's Responsibilities in relation to the Financial Statements**

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

The law applicable to charities in England and Wales 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 him to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. He is responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection fraud and other irregularities.

The trustee is responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent Auditors' Report to the Trustee of Hastings and St Leonards Foreshore Charitable Trust**

We have audited the financial statements of Hastings and St Leonards Foreshore Charitable Trust for the year ended 31 March 2014, set out on pages 16 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's 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.

### **Respective responsibilities of trustees and auditors**

As explained more fully in the Trustee's Responsibilities Statement set out on page 13, the trustee is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustee's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2014 and of its incoming resources and application of resources, 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.

**Independent Auditors' Report to the Trustee of  
Hastings and St Leonards Foreshore Charitable Trust**

..... *continued*

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

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:

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

.....  
Manningtons  
Statutory Auditor

Date:.....

7 Wellington Square  
Hastings  
East Sussex  
TN34 1PD

Manningtons is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**Hastings and St Leonards Foreshore Charitable Trust**  
**Statement of Financial Activities for the Year Ended 31 March 2014**

	Note	Unrestricted Funds £	Total Funds 2014 £	Total Funds 2013 £
<b>Incoming resources</b>				
Incoming resources from generated funds				
Investment income	2	7,741	7,741	14,188
Incoming resources from charitable activities	3	1,092,720	1,092,720	1,019,263
Total incoming resources		<u>1,100,461</u>	<u>1,100,461</u>	<u>1,033,451</u>
<b>Resources expended</b>				
Charitable activities	4	1,153,317	1,153,317	965,864
Governance costs	5	87,801	87,801	104,143
Total resources expended		<u>1,241,118</u>	<u>1,241,118</u>	<u>1,070,007</u>
Net outgoing resources before transfers		(140,657)	(140,657)	(36,556)
<b>Transfers</b>				
Gross transfers between funds		-	-	-
Net movements in funds		(140,657)	(140,657)	(36,556)
<b>Reconciliation of funds</b>				
Total funds brought forward		1,986,758	1,986,758	2,023,314
Total funds carried forward		<u><u>1,846,101</u></u>	<u><u>1,846,101</u></u>	<u><u>1,986,758</u></u>

All incoming resources and resources expended derive from continuing activities.

The charity has no recognised gains or losses for the year other than the results above.

The notes on pages 18 to 23 form an integral part of these financial statements.

**Hastings and St Leonards Foreshore Charitable Trust**  
**Balance Sheet as at 31 March 2014**

		2014		2013	
Note	£	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		529,086		483,478
<b>Current assets</b>					
Bank balances		1,837,943		2,169,691	
<b>Creditors: Amounts falling due within one year</b>	8	(520,928)		(666,411)	
<b>Net current assets</b>			1,317,015		1,503,280
<b>Net assets</b>			1,846,101		1,986,758
<b>The funds of the charity:</b>					
<b>Unrestricted funds</b>					
Unrestricted income funds			1,846,101		1,986,758
<b>Total charity funds</b>			1,846,101		1,986,758

These accounts were approved by the Trustee on 29 September 2014

.....

**Councillor John Hodges**  
**Chair of Charity Committee**

The notes on pages 18 to 23 form an integral part of these financial statements.

**Hastings and St Leonards Foreshore Charitable Trust**  
**Notes to the Financial Statements for the Year Ended 31 March 2014**

**1 Accounting policies**

**Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities (SORP 2005)', issued in March 2005, applicable accounting standards and the Charities Act 2011.

**Fund accounting policy**

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

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

Further details of each fund are disclosed in note 10.

**Incoming resources**

Investment income is recognised on a receivable basis.

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

**Resources expended**

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

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.

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.

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.

**Hastings and St Leonards Foreshore Charitable Trust**  
**Notes to the Financial Statements for the Year Ended 31 March 2014**

..... *continued*

**Fixed assets**

Individual fixed assets costing £500 or more are initially recorded at cost.

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.

**Depreciation**

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:

Land	not depreciated
Pelham Place car park additional spaces	over 15 years straight line
Plant and equipment	over 15 years straight line

**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.

**2 Investment income**

	<b>Unrestricted Funds £</b>	<b>Total Funds 2014 £</b>	<b>Total Funds 2013 £</b>
Interest on cash deposits	7,741	7,741	14,188

**Hastings and St Leonards Foreshore Charitable Trust**  
**Notes to the Financial Statements for the Year Ended 31 March 2014**

..... continued

**3 Incoming resources from charitable activities**

	<b>Unrestricted Funds £</b>	<b>Total Funds 2014 £</b>	<b>Total Funds 2013 £</b>
<b>Car parking</b>			
Car parking	914,830	914,830	841,320
Other income	630	630	-
	<u>915,460</u>	<u>915,460</u>	<u>841,320</u>
<b>Foreshore management</b>			
Rents	162,910	162,910	163,523
Other income	13,200	13,200	14,420
	<u>176,110</u>	<u>176,110</u>	<u>177,943</u>
<b>Street cleansing</b>			
Other income	1,150	1,150	-
	<u>1,092,720</u>	<u>1,092,720</u>	<u>1,019,263</u>

**4 Details of charitable activities**

	<b>Activities undertaken directly £</b>	<b>Grant funding of activities £</b>	<b>2014 £</b>	<b>2013 £</b>
Car parking	260,462	-	260,462	285,986
Foreshore management	356,137	-	356,137	297,773
Street cleansing	87,770	-	87,770	91,270
Public conveniences	192,384	-	192,384	165,405
White Rock Baths	213,104	-	213,104	75,450
Grant making	-	43,460	43,460	49,980
	<u>1,109,857</u>	<u>43,460</u>	<u>1,153,317</u>	<u>965,864</u>

**Hastings and St Leonards Foreshore Charitable Trust**  
**Notes to the Financial Statements for the Year Ended 31 March 2014**

..... *continued*

**5 Governance costs**

	<b>Unrestricted Funds £</b>	<b>Total Funds 2014 £</b>	<b>Total Funds 2013 £</b>
Employment costs	6,060	6,060	5,240
Sundry and other costs	1,107	1,107	150
HBC management charges	55,980	55,980	66,620
Auditors' remuneration	3,500	3,500	3,500
Legal and professional costs	21,154	21,154	28,633
	<u>87,801</u>	<u>87,801</u>	<u>104,143</u>

**6 Trustee's 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 £6,060 (2013 - £5,240), included in Governance costs.

**Hastings and St Leonards Foreshore Charitable Trust**  
**Notes to the Financial Statements for the Year Ended 31 March 2014**

..... *continued*

**7 Tangible fixed assets**

	<b>Freehold interest in land and buildings £</b>	<b>Plant and equipment £</b>	<b>Total £</b>
<b>Cost</b>			
As at 1 April 2013	204,490	299,338	503,828
Additions	11,030	62,500	73,530
As at 31 March 2014	<u>215,520</u>	<u>361,838</u>	<u>577,358</u>
<b>Depreciation</b>			
As at 1 April 2013	-	20,350	20,350
Charge for the year	7,966	19,956	27,922
As at 31 March 2014	<u>7,966</u>	<u>40,306</u>	<u>48,272</u>
<b>Net book value</b>			
As at 31 March 2014	<u>207,554</u>	<u>321,532</u>	<u>529,086</u>
As at 31 March 2013	<u>204,490</u>	<u>278,988</u>	<u>483,478</u>

**8 Creditors: Amounts falling due within one year**

	<b>2014 £</b>	<b>2013 £</b>
Amounts owed to Hastings Borough Council	517,428	662,911
Accruals and deferred income	3,500	3,500
	<u>520,928</u>	<u>666,411</u>

**9 Capital commitments**

Expenditure contracted for but not provided in the financial statements:

	<b>2014 £</b>	<b>2013 £</b>
Pelham Place Car Park extension and resurfacing works	<u>-</u>	<u>54,012</u>

**Hastings and St Leonards Foreshore Charitable Trust**  
**Notes to the Financial Statements for the Year Ended 31 March 2014**

..... continued

**10 Analysis of funds**

	At 1 April 2013	Incoming resources	Resources expended	Transfers	At 31 March 2014
	£	£	£	£	£
<b>Designated Funds</b>					
Contingency reserve	695,000	-	-	(5,000)	690,000
Main programme reserve	808,280	-	-	(181,265)	627,015
	<u>1,503,280</u>	<u>-</u>	<u>-</u>	<u>(186,265)</u>	<u>1,317,015</u>
<b>General Funds</b>					
Fixed asset fund	483,478	-	-	45,608	529,086
Unappropriated reserve	-	1,100,461	(1,241,118)	140,657	-
	<u>483,478</u>	<u>1,100,461</u>	<u>(1,241,118)</u>	<u>186,265</u>	<u>529,086</u>
	<u>1,986,758</u>	<u>1,100,461</u>	<u>(1,241,118)</u>	<u>-</u>	<u>1,846,101</u>

Purposes of funds:

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.

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.