

Report to: Charity Committee

Date of Meeting: 17 June 2019

Report Title: Finance Report

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

Purpose of Report

To advise members of the Committee on the current year's financial position (2019/20).

Recommendation

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

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 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.

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 deficit of £197,000.
3. Work is still underway closing the 2018/19 accounts so the outturn figures provided for 2018/19 are only draft and subject to change.

Financial Position 2019/20

4. 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.
5. 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.
6. 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.
7. The combination of the reduced income offset by the lower expenditure will give rise to a net £4,000 increase in the anticipated operating deficit at the year end. This is now forecast to be £201,000.
8. At the meeting on the 18th March it was agreed to approve £15,812 of events grants expenditure and to undertake a combined event grant and small grant pilot due to the low take up of events grants and the high uptake of small grants. Although not all the grant budget has been fully allocated it is assumed that this will occur over the course of the year and the budget will be fully spent. There is therefore no variance forecast on grant expenditure.
9. Project expenditure is forecast to be on budget at the year end. This assumes the £25,000 budget for contingency will be fully spent however as yet no spend has been identified. Work on the White Rock Fountain is due to commence in the summer and is scheduled to be completed this financial year. With all the cyclical repairs and major projects there is the possibility that expenditure slips over into the following year.
10. The combination of the above underspends results in an increase to the deficit of £4,000 increasing the deficit from £197,000 to £201,000.

Business Plan

11. To date much of the expenditure on maintenance projects and main programme projects is yet to occur. Appendix 2 details the business plan showing planned cyclical repairs and redecorations and main programme projects over the next 5 financial years.
12. As stated above within the maintenance projects budget it is now unlikely the £12,000 put aside for water play, essentially now operating and maintaining the White Rock Fountain this financial year, will be fully spent.

13. Within the main projects programme several projects were delayed in 2018/19 with the project slipping into 2019/20. The White Rock Fountain and Public Art Project have all slipped into 2019/20.

Indicative Forward Plan

14. The indicative forward plan as agreed in March 2019 has been 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 budgeted at £197,000.

Reserves

15. The total effective cash balances of the Trust at the 31 March 2019 amounted to £1.67m (draft) after providing for the outstanding settlement to Hastings Borough Council for amounts owed for 2018/19.
16. With the current business plan, the revised cash balances for future years are estimated as follows :-
- £1.48m as at 31st March 2020,
 - £1.53m as at 31st March 2021,
 - £1.45m as at 31st March 2022.
 - £1.35m as at 31st March 2023.
17. The reserves policy agreed on 24th September 2018 identifies £900,000 as the suitable level to maintain given the potential risks to the Trust.
18. Work has been undertaken to identify the areas where the Trust will incur significant maintenance and replacement costs in future years e.g. toilet refurbishments, resurfacing of car parks. The update of the Repairs and Renewals programme was necessary to identify the ongoing levels of reserves required to ensure the assets of the Trust can be maintained at the appropriate level within the financial constraints of the Trust.

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 and over spends	2020/21 budget	March 2020	Chief Finance Officer

Wards Affected

None

Implications

Relevant project tools applied? Yes

Have you checked this report for plain English and readability? Yes

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

Additional Information

Appendix 1 - Financial Monitoring Report

Appendix 2 - Business Plan - Financial Summary

Appendix 3 - Indicative Forward Plan

Officers to Contact

Simon Jones

sjones@hastings.gov.uk

01424 451520

Peter Grace

pgrace@hastings.gov.uk

01424 451503
