

**Report to:** Charity Committee

**Date of Meeting:** 09 December 2019

**Report Title:** Finance Report

**Report By:** Simon Jones, Chief Accountant

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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.**

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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 underspent by (£35,000) at the year end. A surplus of £193,000 is anticipated for 2019/20 in respect of operating income and expenses. Once grant and project costs are taken into account a deficit of £162,000 is anticipated.

## Introduction

1. The Foreshore Trust derives its income mainly from car parking and property leases/licences, the former income stream being quite variable.

Appendix 1 attached provides details of the budget for 2019/20 as agreed at the March meeting of the committee.

## Financial Position 2019/20

2. 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. A deficit of £197,000 is budgeted for after these adjustments.
3. At this stage in the year a number of variances have been identified. The net effect leading to a (£35,000) reduction in the forecast deficit to £162,000.
4. 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 year it is particularly hard to accurately forecast income as we have moved away from separate seasonal summer/winter charging to having a fixed charge all year round. Compounded with increases in parking fees and the lack of previous experience of the new charging mechanism to base forecasts on the effects of the changes on demand are hard to accurately predict.
5. The forecast reduction in income from car parking is however fully offset by an expected increase in rental income of (£40,000) in particular from Victoria chalets and the White Rock beach huts.
6. Expenditure on maintenance projects and cyclical repairs is expected to be underspent by (£12,000) as the annual budget put aside for maintaining and operating a water play feature will not need to be spent this financial year.
7. Project expenditure is likely to be underspent by (£23,000) as to date none of the £25,000 contingency budget has been earmarked for expenditure but £2,000 has been spent on clearing gullies at Bottle Alley for which there was no separate budget.

## Business Plan

8. To date much of the expenditure on maintenance projects and main programme projects is yet to occur.
9. 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 spent.
10. Within the main projects programme some projects are delayed increasing the chances of the project slipping from this financial year into 2020/21. It is possible that the £50,000 allocated for Public Art Project will not be fully spent this year with the remainder slipping forward into 2020/21.

11. To date there has been no call on the £25,000 contingency budget other than the £2,000 for bottle alley gulley clearance.
12. Details of expenditure on cyclical repairs and redecorations and main programme projects can be seen at Appendix 2.

## Indicative Forward Plan

13. The indicative Forward plan as agreed in March 2019 has been updated 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 £162,000.

## Reserves

14. The revised business plan updated to take account of known changes and the 2019/20 outturn identifies the estimated cash balances for future years as follows:-

£1.56m as at 31st March 2020,  
 £1.61m as at 31st March 2021,  
 £1.53m as at 31st March 2022,  
 £1.42m as at 31st March 2023,  
 £1.36m as at 31st March 2024,

15. The reserves policy agreed on 23<sup>rd</sup> September 2019 identifies £900,000 as the suitable level to maintain given the potential risks to the Trust.

## Timetable of Next Steps

16. 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
Set budget for 2020/21	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 14.2.

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

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### Officer to Contact

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