

**Charity number: 1105649**

**Hastings and St Leonards Foreshore Charitable Trust**

**Trustee's report and financial statements**

**for the year ended 31 March 2013**

# Hastings and St Leonards Foreshore Charitable Trust

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# Hastings and St Leonards Foreshore Charitable Trust

Also known as the "Foreshore Trust"

## Report of the trustee for the year ended 31 March 2013

### Information

- 1. Trustee** Hastings Borough Council, Town Hall, Hastings, East Sussex, TN34 1QR
- The Trustee acts through its Charity Committee, whose members are:-  
Present members
- Councillor John Hodges (Chair - appointed 17 May 2012)  
Councillor Jay Kramer  
Councillor Andrew Gurney (appointed 17 May 2012)
- Past Members who served in the period  
Councillor Paul Barlow (Chair - retired from the Council and Committee on 6 May 2012)  
Councillor Robert Cooke (retired from the Committee 16 May 2012)
- 2. Charity number** 1105649
- 3. Accountants and Auditors** Manningtons  
7 Wellington Square  
Hastings  
East Sussex  
TN34 1PD
- 4. Protector** Christopher May MA, FCA  
Froghole Oast House  
Crockham Hill  
Edenbridge  
Kent  
TN8 6TD
- 5. Bankers** Co-operative Bank  
164/165 Western Road  
Brighton  
BN1 2BB

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

Also known as the "Foreshore Trust"

### **Report of the trustee for the year ended 31 March 2013**

#### **6. 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 2012 there have been two new appointments to the Charity Committee of Cabinet: Councillor John Hodges, who has been appointed chair, and Councillor Andrew Gurney. Councillor Robert Cooke and the previous chair Councillor Paul Barlow have 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 for a 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**

Also known as the "Foreshore Trust"

### **Report of the trustee for the year ended 31 March 2013**

#### *Consultation*

The 2011 Scheme reflects the responses to consultation on the draft Scheme and 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. In addition, during 12/13, the CUG was consulted on proposals for bringing the White Rock Baths back into use, resurfacing and expansion of Pelham Place car park, joining the new grounds maintenance contract with Hastings Borough Council, Rother District Council and Amicus Horizon, a new lease for Stade Amusements, a Stade area parking order and management arrangements for the Stade Hall and Open Space.

#### 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. The Charity Committee made five appointments to the Grant Advisory Panel at its meeting on 29 March 2011 and agreed the constitution of the Panel. 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 £49,980 during 2012/13 (£49,945 2011/12).

## Hastings and St Leonards Foreshore Charitable Trust

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### Report of the trustee for the year ended 31 March 2013

The following grants were awarded in the year:-

Hastings and Rother Mediation Service	£4,902
Headstart2Work	£4,700
Crowhurst Community Agriculture Group (Growhursts)	£1,826
Chichester Diocesan Association for Family Support Work	£1,800
Electric Palace Cinema CIC	£4,450
Xtrax Young People's Centre	£3,000
Hastings & Rother Credit Union Ltd	£3,315
Hastings & Rother YMCA	£4,785
Wonky WI	£4,300
Respond Academy	£4,930
Support, Empower, Advocate, Promote	£1,020
Oasis Community Project - East Hastings	£1,990
East Hastings In2Play	£1,050
Hastings Old Town Residents Association	£2,500
Park Road Toddler Group	£ 412
Citizens Advice 1066	£5,000

#### *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
- From April 2012 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, solicitors.

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

On 6 June 2012 following the elections, members, officers and the Protector attended a course which provided training on the history of the Trust, the constitutional documentation of the Trust and how to put those into effect. It was well received by all attendees. In order to keep new councillors advised on the history and their awareness raised it is intended that this briefing will be included in the induction training for new members of the Council.

All 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**

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### **Report of the trustee for the year ended 31 March 2013**

#### **8. 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).

#### **9. 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.

#### **10. Achievements and Performance**

This has been the second 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 first annual review of the Trust's rolling five-year Business Plan,
- the second 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 acceptance (in April 2013) of a plan for refurbishment of the promenade building and a lease to the Pier Trust for their showroom,
- funding the expansion and resurfacing of Pelham Place car park,
- approval of the inclusion of foreshore grounds maintenance within the Council's new joint 10 year grounds maintenance contract with Rother District Council and Amicus Horizon,
- approval of the 2013 arts and performance programme for the Stade Open Space,
- agreement of the budget for 2013/14 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

#### *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 will be overseen by a Management Advisory Committee of community representatives to be established in 2013. In summer 2013, the 'Stade Saturdays' programme of cultural events will continue as the cornerstone of summer use of the Open Space as a community and cultural venue.

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

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### **Report of the trustee for the year ended 31 March 2013**

#### *White Rock Baths*

The Trust is keen to see the use, or at least the partial use of the White Rock Baths site. To this end it had spent £75,450 in the year to 31 March 2013 (£51,732 2011/12) on the removal of rubble and asbestos.

#### *Pelham Place Car Park*

The car park has been resurfaced and extended to provide an additional 22 parking spaces.

#### *Leases*

Terms have been agreed to renew the lease of the Go Kart Track land at the Stade and it is hoped the agreement will be completed soon.

We are continuing discussions with Stade Developments regarding a lease renewal of the Stade Amusement area (including Flamingo Park and the Boating Lake). Their proposals include significant investment in improvements to the area and their latest plans were displayed in the Stade Hall in April.

As part of the re-development of the Stade area a new balcony, with steps up to it, was constructed by East Hasting Sea Angling Association (EHSAA) clubhouse. Public notice was published in March regarding the intention to lease the land this sits on to EHSAA. At the deadline no objections were received so the lease can now be completed.

Following a proposal made by the Hastings Pier Charity Ltd (HPC) terms have been agreed to lease a portion of the Upper Promenade building of the White Rock Baths. They will use this area as a community showroom to provide information and engage with the community in the restoration of the Pier. The lease will commence once the Trust has completed the necessary repairs, installation of services and other physical works to enable HPC's occupation. As a result the marketing of White Rock Baths has been postponed and will be reviewed in a year's time.

### **11. 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.

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.

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.

## Hastings and St Leonards Foreshore Charitable Trust

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### Report of the trustee for the year ended 31 March 2013

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

#### 12. 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 and, once again, have received an unqualified audit opinion.

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 2013 these were invested as follows:-

CCLA Investment Management - £ 2,168,959 (31 March 2012 £1,271,563)

Co-op Bank- £ 727 (31 March 2012 £532,050) (the Trust's Bank Account)

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

<i>Statement of Financial Activities</i>	Budget Estimate £000's	Revised Budget £000's	Actual Outturn £000's
<i>Incoming Resources</i>			
Investment Income	10	15	14
Income from Charitable activities	1,027	1,012	1,019
	<hr/>	<hr/>	<hr/>
	1,037	1,027	1,033
<i>Resources Expended</i>			
Charitable Activities incl*	779	716	710
Maintenance and Cyclical repairs *	-	70	59
Governance Costs HBC	50	51	67
Governance Costs (Other)	33	51	37
	<hr/>	<hr/>	<hr/>
	862	888	873
<i>Surplus before Grants and Reserve Funded items</i>	<b>175</b>	<b>139</b>	<b>160</b>
Grants	50	50	50
Projects and Other Expenditure	630	485	426
	<hr/>	<hr/>	<hr/>
<i>Surplus / (Deficit)</i>	<b>(505)</b>	<b>(396)</b>	<b>(316)</b>

In brief, income levels have been sustained in what remains a tough economic climate, whilst expenditure has been reduced from the original budget. Spend and commitments on projects and other expenditure includes £75,450 on White Rock Baths (2011/12 £51,732), £171,990 on beach front play areas and equipment, £179,262 on Pelham Car park and £58,810 (2011/12 £54,891) on maintenance and cyclical repairs.

The outturn position was a deficit of £36,557 after capitalisation of £280,450 (2011/12 surplus of £31,552) which has been taken from reserves.

## Hastings and St Leonards Foreshore Charitable Trust

Also known as the "Foreshore Trust"

### Report of the trustee for the year ended 31 March 2013

#### *Future Expenditure Plans 2012/13 and beyond*

In line with the approved Business plan, expenditure on major Projects and Other Expenditure will continue in 2013/14 and will result in an overall deficit for the year, currently budgeted at some £361,000 - this being funded from Reserves.

The 13/14 budget identifies spend on projects and other expenditure amounting to some £557,000. £122,000 of this spend is on cyclical repairs and maintenance and £435,000 is programmed spend, financed from Reserves. The main areas of spend are as follows:-

- £330,000 - White Rock Baths to bring the building back into use, of which £150K is allocated to the promenade building. Remaining spend is subject to realistic projects coming forward.
- £70,000 - Beachfront signage to RNLI standards and a capital contribution to fit out the Stade Hall kitchen.
- £10,000 - Marina - the purchase of 10 new chalets

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

<i>Business plan</i>	2012-13	2013-14	2014-15	2015-16	Total
	Actual	Estimate*	Estimate	Estimate	Total
	£000's	£000's	£000's	£000's	£000's
<i>Projects and other expenditure</i>					
<i>Cyclical Repairs and Redecorations:</i>					
Pier Area	-	3	3	3	9
White Rock Baths	-	12	-	15	27
Stade Barriers	2	2	2	2	6
Cycle Route	-	-	-	-	-
Public Conveniences	43	36	6	6	48
Car Parks	14	12	12	12	36
Winch Road	-	15	-	-	15
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	59	80	23	38	141
<i>Maintenance Projects:</i>					
Pier Area	-	30	-	-	30
Beach Steps	-	12	12	12	36
Beachfront Railings	-	-	-	15	15
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	42	12	27	81
<i>Main programme:</i>					
White Rock Baths	75	330	-	-	330
Marina Chalets	-	10	-	-	10
Big Beach Project	-	173	-	-	173
Beachfront	172	115	-	-	115
Rock a Nore Car Park	-	-	430	-	430
Pelham Place Car Park	179	20	-	-	20
Contingency	-	25	25	25	75
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	426	673	455	25	1,153

\* 2013-14 estimate adjusted for 2012-13 actual figures (and revisions to the business plan).

#### *Cost of Professional advice*

Professional advisor fees - £19,050 (2011/12 £8,789)

Auditors/Accountants - £ 3,500 (2011/12 £3,500)

## Hastings and St Leonards Foreshore Charitable Trust

Also known as the "Foreshore Trust"

### Report of the trustee for the year ended 31 March 2013

#### *Trustee's Expenses*

There were no Trustee expenses charged to the Trust in 2012/13.

£5,240 was paid in 2012/13 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 1 July 2013. 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 judgement of events that may occur and their likelihood.

£100,000 has been 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 £95,000) 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.

For the present, the equivalent of 6 months income is being 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.

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 under the Reserves Policy 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	£95,000
c)	Uncertainty on income streams	£500,000
	Total	£695,000

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

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### **Report of the trustee for the year ended 31 March 2013**

Plus Planned Spending Commitments e.g. repairs and other initiatives identified within the 3 year business plan.

The total funds of the Trust, of which the above form a part, amount to £1,986,753 (2012 £2,023,310). The financing of the main programme is dependent upon achieving annual surpluses on the Trust's main activities, given the level of Reserves being retained.

#### **13. 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 2011 Scheme requires the Trustee to use its best endeavours to register the Charity's land with a separate title at the Land Registry. The application to register the Charity's land is currently being considered by the Land Registry.

#### **14. Responsibilities of the Trustee**

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). 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 the affairs of the Trust and of the incoming resources and application of resources of the Trust 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 Statement of Recommended Practice (Accounting and Reporting by Charities) (the Charities SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 Trust will continue in operation.

The Trustee is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Charities Act 2011 (as amended), the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust's governing document. They are also responsible for safeguarding the assets of the Trust and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **15. 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.

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

Also known as the "Foreshore Trust"

### **Report of the trustee for the year ended 31 March 2013**

#### **16. 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 Councillors Paul Barlow and Robert Cooke who have served on the Charity Committee since the transfer to the Council in January 2011 until May 2012 and have 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.

Signed by the Chair of the Charity Committee on behalf of the Committee and the Council

**Councillor John Hodges**  
**Chair of Charity Committee**  
30 September 2013

## Hastings and St Leonards Foreshore Charitable Trust

### Protector's report for the year ended 31 March 2013

This is my third Annual Report as Protector of The Hastings and St Leonards Foreshore Charitable Trust ("Foreshore Trust" for short). It covers my activities from August 2012 to the date of this report. As explained in detail last year, the rules of the Foreshore Trust call for the appointment of a Protector to ensure the proper management and resolution of any conflicts of interest that 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.

#### *General*

1. I have attended all meetings of the Charity Committee.
2. Under the new Scheme 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. 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.

#### *Charitable grant proposal*

3. An issue of difficulty arose in connection with a proposal to make a grant of £25,000 to the Hastings Pier Charity towards the cost of providing a community showroom facility on the old White Rock baths site (in connection with the proposed restoration of the pier). The rules of the Foreshore Trust require that all grant applications must be referred to the Grant Advisory Panel for consideration, and the Trustee must "have regard to" the GAP's recommendations. The difficulty lay in that the request for a grant was not a stand-alone item, but part of a much larger proposal, well beyond the scope of the GAP's remit. The GAP noted that the amount of the proposed grant was well in excess of the £5,000 individual limit applying to its grant-making programme, and for these reasons declined to comment on the proposal. I was consulted on this matter and suggested that a different procedure be devised for such transactions, requiring the GAP only to confirm that they know of no reason (a) why the proposed recipient should not be offered a grant and (b) whether any special conditions should be imposed. The GAP would not be required to comment on the overall project or on whether the request for a grant was justified - that would be left to the Charity Committee itself. After a joint meeting of the Charity Committee and the GAP it was decided to prepare a formal protocol along these lines for the handling and consideration of requests for "unsolicited grants" (as they are now known). The protocol was approved by the Charity Committee on 25 March 2013 (along with a proposal from the GAP for small "event" grants).

#### *Balance sheet - change in presentation*

4. There has been a significant change in the presentation of the Balance Sheet. A Fixed Asset Fund has been created to give accounting recognition to the permanent use of reserves to fund recent capital expenditure (including the refurbishment of Pelham Place car park and the installation of playground and exercise equipment), In addition two designated reserves have been created, the Contingency Reserve to set aside monies against financial risks (including unforeseen emergencies, operational costs and possible income shortfalls). The second, the Main Programme reserve of £808,275 is available to fund future foreshore renewal projects and new initiatives which are too costly to be met from current income.
5. In order to establish the Fixed Asset Fund and the two designated reserves, transfers have been made from unappropriated reserves. The effect of this change of accounting treatment has been to reduce the previous balance of unappropriated reserves to zero. Full details are shown in the Financial Statements.
6. I am in full agreement with this change in accounting presentation, since in my opinion it sets out the financial position of the Foreshore Trust with much greater clarity.

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

### **Protector's report for the year ended 31 March 2013**

#### *Contract tenders*

7. I have carefully reviewed the results of two contract tender processes during the period under review, relating to the repaving and provision of extra spaces at Pelham Place car park, and to a grounds maintenance contract jointly with HBC. I am satisfied that the selection and review processes have been properly undertaken and, in the case of the tender also involving work for HBC, have paid proper regard to the separate interests of the Foreshore Trust.

**Christopher May FCA**  
**Protector**

4 September 2013

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

### **Independent auditor's 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 2013 which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. 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 in accordance with Section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustee those matters we are required to state to it in an auditor's 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 the charity's trustee for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the trustee and auditor**

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

We have been appointed as auditor 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 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 trustees; 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. 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 2013 and of its incoming resources and application of resources, including its income and expenditure, 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.

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

### **Independent auditor's report to the trustee of Hastings and St Leonards Foreshore Charitable Trust**

#### **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 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  
3 October 2013**

**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 2013

	Notes	2013 Total £	2012 Total £
<b>Incoming resources</b>			
Incoming resources from generating funds:			
Investment income	2	14,188	10,610
Incoming resources from charitable activities	3	1,019,263	1,039,078
<b>Total incoming resources</b>		<u>1,033,451</u>	<u>1,049,688</u>
<b>Resources expended</b>			
Charitable activities	4	965,865	932,640
Governance costs	5	104,143	85,496
<b>Total resources expended</b>		<u>1,070,008</u>	<u>1,018,136</u>
<b>Net movement in funds</b>		(36,557)	31,552
Total funds brought forward		<u>2,023,310</u>	<u>1,991,758</u>
<b>Total funds carried forward</b>		<u>1,986,753</u>	<u>2,023,310</u>

The statement of financial activities includes all gains and losses in the year and therefore a separate statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

All funds are unrestricted.

The notes on pages 18 to 22 form an integral part of these financial statements.

## Hastings and St Leonards Foreshore Charitable Trust

### Balance sheet as at 31 March 2013

	Notes	£	2013 £	£	2012 £
<b>Fixed assets</b>					
Tangible assets	8		483,478		211,168
<b>Current assets</b>					
Debtors	9	-		12,029	
Bank balances		2,169,687		1,803,613	
		2,169,687		1,815,642	
<b>Creditors: amounts falling due within one year</b>	10	(666,412)		(3,500)	
<b>Net current assets</b>			1,503,275		1,812,142
<b>Net assets</b>			1,986,753		2,023,310
<b>Funds</b>					
Unrestricted income funds:					
Fixed asset fund			483,478		-
Unappropriated reserve			-		2,023,310
<i>Designated funds</i>					
Contingency reserve		695,000		-	
Main programme reserve		808,275		-	
			1,503,275		-
Total unrestricted income funds	11		1,986,753		2,023,310
<b>Total funds</b>			1,986,753		2,023,310

The financial statements were approved by the trustee on 30 September 2013 and signed on its behalf by

**Councillor John Hodges**  
**Chair of Charity Committee**  
**Hastings Borough Council (Trustee)**

The notes on pages 18 to 22 form an integral part of these financial statements.

# Hastings and St Leonards Foreshore Charitable Trust

## Notes to financial statements for the year ended 31 March 2013

### 1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

#### 1.1. Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005 2nd edition) and the Charities Act 2011.

#### 1.2. Cashflow

The charity has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a small charity.

#### 1.3. Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

Income from investments is included in the year in which it is receivable.

#### 1.4. Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates.

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.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with financing and with constitutional and statutory requirements.

#### 1.5. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land	-	not depreciated
Plant and equipment	-	over 15 years straight line

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 this year of £108,460 represents the cost of creating additional car parking spaces within the Pelham Place car park. This will be depreciated over 15 years, being the estimated time before re-surfacing becomes necessary, commencing next year. The trustees are 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 financial statements for the year ended 31 March 2013

#### 1.6. 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

	2013 £	2012 £
Bank interest receivable	14,188	10,610
	<u>14,188</u>	<u>10,610</u>

#### 3. Incoming resources from charitable activities

	2013 £	2012 £
Car parking	841,320	864,526
Rents	163,523	164,876
Other income	14,420	9,676
	<u>1,019,263</u>	<u>1,039,078</u>

#### 4. Costs of charitable activities - by activity

	Activities undertaken directly £	Grant funding activities £	2013 Total £	2012 Total £
Car parking	285,987	-	285,987	219,729
Foreshore management	297,773	-	297,773	297,728
Street cleansing	91,270	-	91,270	95,450
Public conveniences	165,405	-	165,405	148,065
White Rock Baths	75,450	-	75,450	51,732
Other projects	-	-	-	54,891
Grant making	-	49,980	49,980	65,045
	<u>915,885</u>	<u>49,980</u>	<u>965,865</u>	<u>932,640</u>

## Hastings and St Leonards Foreshore Charitable Trust

### Notes to financial statements for the year ended 31 March 2013

#### 5. Governance costs

	2013 £	2012 £
Responsibility allowance - Chair	5,240	-
Accountancy fees	-	(250)
Auditor remuneration	3,500	1,450
Protector's fees	8,690	10,000
Legal and professional fees	19,050	8,789
HBC management charges	66,620	64,883
Trustees' indemnity insurance	893	624
Other governance costs	150	-
	<u>104,143</u>	<u>85,496</u>

#### 6. Employees

There are no direct employees.

#### 7. Trustee's emoluments

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 £5,240 (2012 - £nil), included in Governance costs.

8. Tangible fixed assets	Land and buildings freehold £	Plant and equipment £	Total £
<b>Cost</b>			
At 1 April 2012	96,030	127,348	223,378
Additions	108,460	171,990	280,450
At 31 March 2013	<u>204,490</u>	<u>299,338</u>	<u>503,828</u>
<b>Depreciation</b>			
At 1 April 2012	-	12,210	12,210
Charge for the year	-	8,140	8,140
At 31 March 2013	<u>-</u>	<u>20,350</u>	<u>20,350</u>
<b>Net book values</b>			
At 31 March 2013	<u>204,490</u>	<u>278,988</u>	<u>483,478</u>
At 31 March 2012	<u>96,030</u>	<u>115,138</u>	<u>211,168</u>

## Hastings and St Leonards Foreshore Charitable Trust

### Notes to financial statements for the year ended 31 March 2013

#### 9. Debtors

	2013 £	2012 £
Amounts owed by Hastings Borough Council	-	9,922
Prepayments and accrued income	-	2,107
	<u>-</u>	<u>12,029</u>

#### 10. Creditors: amounts falling due within one year

	2013 £	2012 £
Amounts owed to Hastings Borough Council	662,912	-
Accruals and deferred income	3,500	3,500
	<u>666,412</u>	<u>3,500</u>

#### 11. Unrestricted funds

	At 1 April 2012 £	Incoming resources £	Outgoing resources £	Transfers £	At 31 March 2013 £
Fixed asset fund	-	-	-	483,478	483,478
Unappropriated reserve	2,023,310	1,033,451	(1,070,008)	(1,986,753)	-
<i>Designated funds</i>					
Contingency reserve	-	-	-	695,000	695,000
Main programme reserve	-	-	-	808,275	808,275
	<u>2,023,310</u>	<u>1,033,451</u>	<u>(1,070,008)</u>	<u>-</u>	<u>1,986,753</u>

#### Purposes of unrestricted 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 can not be financed in a single year.

## Hastings and St Leonards Foreshore Charitable Trust

### Notes to financial statements for the year ended 31 March 2013

#### 12. Capital commitments

	2013	2012
	£	£
Details of capital commitments at the accounting date are as follows:		
Contracted for but not provided in the financial statements	<u>54,012</u>	<u>-</u>

This represents the balance of the contracted cost to completion of the extension and resurfacing works at Pelham Place Car Park.