

Report to: Charity Committee

Date of Meeting: 29 March 2021

Report Title: Foreshore Trust 2021/22 Budget and Finance Report

Report By: Kit Wheeler, Chief Accountant (Deputy Chief Finance Officer)

Purpose of Report

To advise members of the Committee on the current year's financial position (2020/21) and to determine the budget for 2021/22.

Recommendation(s)

- 1. To agree the current financial position for 2020/21.**
- 2. Approve the budget for 2021/22.**
- 3. Financial monitoring reports continue to be presented to each meeting of the Charity Committee.**
- 4. A full Financial and Business Plan review of future years be conducted once Final Financial position for 2020/21 is confirmed.**
- 5. No increase in car parking charges for 2021/22.**

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 above budget expectations is anticipated for 2020/21 in respect of operating income and expenses. Once grant and project costs are taken into account a deficit of £392,000 is anticipated against a budgeted deficit of £48,000.

Introduction

1. The Foreshore Trust derives its income mainly from car parking and property leases/licences, the former income stream being quite variable. It is worth emphasising that these are estimates and that the main income sources are very reliant on tourism and the visitor economy.
2. Like all Charities and businesses in the current climate, the Trust has been financially impacted in a negative way in 2020/21 as a result of the Covid-19 pandemic and expectations are that despite the improving picture this is likely to continue into 2021/22 .
3. Appendix 1 attached provides details of the budget for 2020/21 as agreed at the March 2020 meeting of the committee. In summary, the operating surplus for 2020/21 was budgeted at £154,000 and is now forecast at £189,000 deficit – a reduction of £344,000.
4. The budget for 2021/22 is presented at the March meeting of the Committee prior to the start of the new financial year which runs 1 April to 31 March.

Financial Position 2020/21

5. The budget agreed in March 2020 identified budgeted income at £1,418,000 and expenditure at £1,264,000. The budgeted surplus for the year being £154,000 after direct governance costs, but before distribution of grants, capital charges and before use of Reserves.
6. Income is currently projected to be less than budget. The amount of car parking income anticipated is now £335,000 less than budgeted which is indicative of fewer visitors to the area as a result of the pandemic, primarily in the peak trading seasons throughout the summer months. Rental income is also forecast to be lower than originally budgeted by £22,000 for the same reason. Investment income remains on budget, however this will be subject to fluctuating market conditions.
7. Expenditure is expected to be c.£13,000 under budget. This is due to the Fish Fayre not going ahead in the summer as a result of the pandemic. This saving of £22,000 is offset by additional expenditure incurred for the additional cleaning of Public conveniences as a direct result of Covid-19 and other associated recharges.
8. The combination of the expected reduction in income and decrease in expenditure will give rise to a predicted net operating deficit for the year in 2020/21 of £189,000. This is £344,000 less than was originally budgeted.

Budget 2021/22

9. The budget for 2021/22 is shown in the right hand column of Appendix 1 and again in the indicative Forward Plan on Appendix 3. The business plan changes within Appendix 2 have been incorporated into the 2021/22 budget.
10. The budget has been reviewed to allow for increases or decreases in expected income and expenditure e.g. contractual costs/ wage inflation.
11. The budgeted income figures include car park income. - these are included on the basis that there are no changes proposed to the charges agreed in March 2020. The recommendation is that charges are not increased for 2021/22.
12. However, it should be noted that in the financial year there is an expectation that whilst the income levels are not as adversely affected as in the current financial period there is still likely to be a negative impact in peak trading months.

Business Plan

13. Appendix 2 details the planned expenditure on projects over a 6 year period. This is split between cyclical repairs and redecorations and the main programme projects.
14. The monitoring report (Appendix 1) highlights that in 2020/21 much of the expenditure has yet to occur, which along with the regular review process should be considered once the final financial position is known for 2020/21.

Indicative Forward Plan

15. The indicative forward plan has been provided for information (Appendix 3). This would ordinarily identify projected cash balances for future years and hence affordability of current initiatives and commitments.
16. However, due to the ongoing uncertainty around the current financial situation as a result of the Covid-19 pandemic the plan is only shown for the next financial year.
17. This is to allow for further discussions to take place with officers once the current financial position is confirmed for 2020/21 and also after review of the first quarter and impact of lockdown on income streams in 2021/22.

Reserves

18. The total effective cash balances of the Trust at the 31 March 2020 amounted to £1.73m after providing for the outstanding settlement to Hastings Borough Council for amounts owed for 2017/18.
19. With the current business plan, the revised cash balances for future years are estimated as follows :-

£1.33m as at 31st March 2021,
£1.04m as at 31st March 2022.

20. The reserves policy agreed on 23rd September 2019 identifies £900,000 as the suitable level to maintain given the potential risks to the Trust. This figure will be reviewed in conjunction with a revised risk register and the maintenance and repair schedules.

Additional Information

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

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