

Report to: Charity Committee

Date of Meeting: 18th October 2021

Report Title: 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 (2021/22).

Recommendation

- 1. To agree the current financial position for 2021/22.**
- 2. To agree the closing financial position for 2020/21 (Appendix 2).**

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 is anticipated for 2021/22 in respect of operating income and expenses of £267,000. Once grant and project costs are taken into account a deficit of £289,000 is anticipated against the original 2021/22 budget deficit forecast of £110,000.

Appendix 2 is the un-audited closing financial position for 2020/21 and Appendix 3 is the supporting Financial Monitoring report to go along with that report for consideration and agreement.

Introduction

1. The Foreshore Trust derives its income mainly from car parking and property leases/licences, the former income stream being quite variable.
2. Despite a relaxing of the Covid-19 restrictions during this financial year, the impact felt by the trust financially is still particularly severe for Parking revenue.
3. Appendix 1 attached provides details of the actual income and expenditure to 31st August 2021 against the budget for 2021/22 as agreed at the March 2021 meeting of the Committee.
4. The estimated operating surplus for 2021/22 was £167,000 but as a result of Covid-19 a deficit is currently forecast for the end of the financial year of £267,000. Once grants and project costs are included the deficit for the year increases to £289,000. The projection is however subject to considerable uncertainty given the potential impact of any future lockdown restrictions taking place, in particular in the last two quarters of this financial year.

Financial Position 2020/21

5. The budget agreed in March 2021 identified budgeted income at £1,447,000 and expenditure at £1,280,000. The budgeted surplus for the year being £167,000 after direct governance costs, but before distribution of grants, capital charges and before use of Reserves.
6. Income is currently projected to be below budget by a total of £177,000.
7. The area hardest hit has once again been car parking income which has seen a drop in income of £181,000 due to the impact of Covid-19 mainly in the first quarter of the financial year when restrictions were still to be fully lifted and consumer confidence was still relatively low.
8. The Trust has seen favourable visitor numbers return to its car parks and the town itself which has seen a strong recovery throughout the busy summer months.
9. Car Parking income and associated forecast for the remaining part of the financial year has been largely on the assumption that car parks remain open and lockdown restrictions are not as severe as they were in the previous financial year. This is an area that is ever changing in the current climate and further updates will be provided should the situation and forecasts look to be out of date.
10. Unlike Councils, the Charity sector is not covered for any compensation under the Governments Sales, Fees and Charges scheme, although Hastings Borough Council has lobbied for clarification on this matter in the hope that some of this loss could be offset by Central Government. It should be noted that at the time of writing report this confirmation has not been received and therefore not included as part of any figures within this report.
11. Current forecasts predict expenditure to be more than originally budgeted by £91,000. This is the net effect of savings from Charitable activities, including cancelled events offset by additional costs for maintenance and repairs.
12. The net overall result of the aforementioned reduced Income and increased expenditure means that it gives rise to an overall deficit at the year end. This is forecast to be £267,000.
13. Project expenditure is forecast to be over budget at the year end. With all the cyclical repairs and major projects there is always the possibility that expenditure slips over into the following year or work is carried out in advance of previous forecasts.

Business Plan

14. The Business plan is in the process of being updated, and given the current financial conditions being faced by the Trust it is felt that the prudent approach would be to revisit this in due course and in consideration of the future budget discussions with the committee members.

Indicative Forward Plan

15. The indicative forward plan just like the business plan above is in the process of being updated and will be revised as part of the budget setting discussions with committee members once detailed discussions have taken place and a clear objective and plan is agreed upon.

Reserves

16. The total effective cash balances of the Trust at the 31 March 2021 amounted to £1.73m after providing for the outstanding settlement to Hastings Borough Council for amounts owed for 2020/21.
17. The reserves policy agreed on 23 September 2019 identified £900,000 as the suitable level to maintain given the potential risks to the Trust. The deficit this year does reduce the cash balances the Trust has but the prudent approach adopted in setting the reserve level has resulted in the Trust being able to meet its current and future commitments.
18. The Risk Register and Reserves policy was last considered by the Committee in September 2019 and will need to formally reviewed again.

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 2020/21 under and over spends	2022/23 budget	March 2022	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 2021/22

Appendix 2 – Finance Report 2020/21

Appendix 3 - Financial Monitoring Report 2020/21

Officers to Contact

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