

**Report to:** Charity Committee

**Date of Meeting:** 14 March 2022

**Report Title:** Foreshore Trust 2022/23 Budget and Finance Report

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

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### **Purpose of Report**

To advise members of the Committee on the current year's financial position (2021/22) and to determine the budget for 2022/23.

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### **Recommendation(s)**

- 1. To agree the current financial position for 2021/22.**
- 2. Approve the budget for 2022/23.**
- 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 2021/22 is confirmed.**
- 5. Car parking charges for 2022/23 increase in line with Hastings Borough Council's approved policy.**

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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.

A surplus in excess of budget expectations is anticipated for 2021/22 in respect of operating income and expenses. Once grant and project costs are taken into account a surplus of £49,000 is anticipated against a budgeted deficit of £298,000.

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## 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 2021/22 as a result of the Covid-19 pandemic. The expectation is that the forthcoming year will be better financially than the current financial year. However, it must be noted that any future restrictions from Government would likely have a similar financial impact than those seen in the last couple of years.
3. Appendix 1 attached provides details of the budget for 2021/22 as agreed at the March 2021 meeting of the committee. In summary, the operating surplus for 2021/22 was budgeted at £13,000 and is now forecast at £336,000 surplus – an increase of £324,000.

## Financial Position 2021/22

4. The budget agreed in March 2021 identified budgeted income at £1,304,000 and expenditure at £1,292,000. The budgeted surplus for the year being £13,000 after direct governance costs, but before distribution of grants, capital charges and before use of Reserves.
5. Income is currently projected to be more than budget. The amount of car parking income anticipated is now £280,000 more than budget, which is despite restrictions from government still being in place for the early part of the financial year.
6. Higher visitor numbers than previously anticipated for the later part of the summer and autumn months has primarily contributed to this increase in parking revenue as a result of covid restrictions lifting in the UK and remaining so throughout the remainder of this financial year.
7. Rental income is forecast to be slightly above budget by £4,000, and investment income has seen an increase compared to budget of £4,000 as well. However, this will be subject to increased fluctuating market conditions in the future.
8. Expenditure is expected to be £45,000 less than budget for the financial year.
9. This is due to various reasons including the Fish Fayre not going ahead in the summer as a result of the pandemic. This saving of £22,000 along with savings on the cleaning contracts is offset by additional expenditure incurred for the additional resources and costs associated with parking.
10. As a result of all of the above variations to the original budget means they will give rise to a predicted net operating surplus for the year in 2021/22 of £336,000. This is £324,000 more than was originally budgeted.

## **Budget 2022/23**

11. The budget for 2022/23 is shown in the right hand column of Appendix 1 and again in the indicative Forward Plan on Appendix 3. The business plan in Appendix 2 has been incorporated into the 2022/23 budget.
12. The budget has been reviewed to allow for increases or decreases in expected income and expenditure e.g. contractual costs/ wage inflation.
13. The budgeted income figures for the forthcoming financial year include car park income. These have been included on the basis that they have been increased in line with the fees and charges policy as set out and agreed by Hastings Borough Council of an average of 4.9% for pay and display. The recommendation is therefore that charges are increased in line with this policy for 2022/23.

## **Business Plan**

14. Appendix 2 details the planned expenditure on projects over a 3 year period. This is split between cyclical repairs and redecorations and the main programme projects.
15. The Business plan is yet to be updated and will be subject to a detailed review once the final financial position for the current financial year is agreed and the impact of the pandemic is fully known.

## **Indicative Forward Plan**

16. The indicative forward plan has been provided for information (Appendix 3). This identifies projected cash balances for future years and hence affordability of current initiatives and commitments.
17. However, due to the ongoing uncertainty around the impact of the pandemic, the plan is only indicative at this stage for future years until the full business plan review and financial position is fully understood.
18. Therefore, it is only the 2022/23 budget which is being requested to be approved at this stage, with a further paper due to be presented later in 2022/23 to update on the longer term financial position of the Trust along with a separate report regarding any amendments to the business plan.
19. This is to allow for further discussions to take place with officers once the current financial position is confirmed for 2021/22.

## Reserves

20. 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 2017/18.

21. With the current business plan, the revised cash balances for future years are estimated as follows :-

£1.77m as at 31st March 2022,  
£1.68m as at 31st March 2023,  
£1.55m as at 31<sup>st</sup> March 2024,  
£1.73m as at 31<sup>st</sup> March 2025.

22. 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. This figure will be reviewed in conjunction with a revised risk register and the maintenance and repair schedules.

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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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