

Report to: Charity Committee

Date of Meeting: 29 September 2022

Report Title: Finance Monitoring Report 2021/22 & 2022/23

Report By: Kit Wheeler
Chief Finance Officer

Purpose of Report

To advise members of the Committee on the Final financial position of 2021/22 and current position of 2022/23.

Recommendation

- 1. To agree the financial position for 2021/22.**
- 2. To note the financial position for 2022/23.**
- 3. To Review and update the Business Plan.**

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.

The Trust is reporting a surplus for the 2021/22 financial year in respect of operating income and expenses of £206,000. However, once Grant and project costs are taken into account this figure becomes a deficit of £63,000.

Introduction

1. The Foreshore Trust, like many other Charities and businesses has suffered greatly over the last few financial reporting periods as a result of the Covid-19 pandemic, and more recently events in Europe, and Ukraine in particular, having a knock on impact to rising inflation costs.
2. The Foreshore Trust derives its income mainly from car parking and property leases/licences, the former income stream being quite variable.
3. Appendix 1 attached provides details of the income and expenditure to 31st March 2022 along with current actuals to date (as of August 2022) against the budget for 2022/23 as agreed at the March 2022 meeting of the Committee.
4. The budgeted operating surplus for 2021/22 was originally expected to be £167,000, with an actual achieved surplus of £206,000. This means that the Trust achieved an additional £39,000 surplus compared to its original budget.
5. It should be noted that due to delays with the External Audit of Hastings Borough Council and the reliance placed upon that opinion by the Trusts own Auditors the figures contained within this report are therefore draft until the Trusts auditors (Mannington's) have confirmed the figures.

Financial Position 2021/22

6. 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.
7. Income was below budget by a total of £52,000.
8. The majority of this lost income has come from car parking operations due to the impact of Covid-19 restrictions in place in Q1 of the financial year which the trust was unable to recover fully from. This was despite better-than-expected performance for the remainder of the financial year, it was simply not enough to fully recoup the lost income from the earlier part of the reporting period. The Financial loss suffered as a result of the national lockdown and reduced consumer confidence is £31,000.
9. The 2021/22 budget for expenditure was previously agreed at £1,280,000. However, actual expenditure was £91,000 lower than the agreed budget at £1,189,000.
10. The main reason for the reduced expenditure was due to a reduction in maintenance and repair costs. This was a direct result of the restrictions in working arrangements throughout the early part of the financial year, as well as the availability of resources and materials which had a knock on impact of businesses and services being forced to shut down.
11. The net overall result means that the Trust is showing a surplus for Operations at the end of the financial year of £206,000.
12. When including project expenditure as part of these figures the surplus is reduced to a relatively small deficit of £63,000 for the financial year.

Financial Position 2022/23

13. The budget agreed in March 2022 identified budgeted income at £1,578,000 and expenditure at £1,440,000. The budgeted surplus for the year being £138,000 after direct governance costs, but before distribution of grants, capital charges and before use of Reserves.
14. Appendix 1 attached, details the current 2022/23 actual to date figures (as of August 2022) compared to the agreed budget.
15. Whilst there are no immediate areas of concern to highlight at this stage of the financial year from an operations perspective it should be noted that careful management of the activities budget in particular to cover the cost of the Grants programme will need to be considered when looking at the business plan and what is affordable.
16. Please note that the full year forecasts are based on a full 'normal' operating year with no further lockdowns or restrictions being brought in for the winter periods.
17. The current uncertainty around rising inflation rates and other operational costs means that like all charities and businesses the trust will need to carefully consider any future fees and charges to ensure they are correctly reflecting the current costs to run those services.

Business Plan

18. Given the ever-changing world in which we currently find ourselves it is prudent for the Trust to review its business plan regularly and update it in line with the latest information and forecasts.
19. The business plan has not been updated for some time due to officers and committee members not knowing the full impact of the Covid-19 Pandemic on the Trusts operations and financial position.
20. It is therefore a priority for the business plan to be updated to aid budget setting for the medium to longer term stability of the Trust and to allow for assurance around decision making, and as part of good governance.

Indicative Forward Plan

21. 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

22. The total effective cash balances of the Trust at the 31 March 2022 amounted to £1.65m after providing for the outstanding settlement to Hastings Borough Council for amounts owed for 2021/22.
23. 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.

24. The Risk Register and Reserves policy was last considered by the Committee in September 2019 and will need to formally review 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 Finance Officer
Review of 202/22 under and over spends	2023/24 budget	March 2023	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

Officers to Contact

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