

Report to: Charity Committee

Date of Meeting: 12 December 2022

Report Title: Finance Monitoring Report to Period 8 2022/23

Report By: Kit Wheeler
Chief Finance Officer

Purpose of Report

To advise members of the Committee on the current year's financial position (2022/23).

Recommendation

- 1. To agree the current financial position for 2022/23.**
- 2. To agree Fees and Charges are kept in line with Hastings Borough Council's Fees and Charges Strategy.**

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 2022/23 financial year in respect of operating income and expenses of £234,000. However, once Grant and project costs are taken into account this figure becomes a deficit of £83,000.

Introduction

1. The Foreshore Trust derives its income mainly from car parking and property leases/licences, the former income stream being quite variable.
2. Appendix 1 attached provides details of the actual income and expenditure to 18th November 2022 against the budget for 2022/23 as agreed at the March 2022 meeting of the Committee.
3. The forecast operating surplus for 2022/23 is expected to be £234k which is £15k over the budgeted surplus. This is mainly due to a higher Rental Income of £13k. Lower Car Parking Income is offset by lower Car Parking costs.

Financial Position 2022/23

4. The budget agreed in March 2022 identified budgeted income at £1,578,000 and expenditure at £1,360,000(Excl Capital Charges). The budgeted surplus for the year being £218,000 after direct governance costs, but before distribution of grants, capital charges and before use of Reserves.
5. Appendix 1 attached, details the current 2022/23 actual to date figures (as of November 18th 2022) compared to the agreed budget.
6. Income is currently projected to be £82k under Budget. Car Parking Income is expected to be under budget by £95k and rental Income over budget by £13k due to rental reviews for Lee Amusements, Putting Courses, Angling association & Luxury Leisure. 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.
7. Expenditure is anticipated to be £97k under budget. This is due to cyclical repairs and maintenance expected to be £28k under budget & lower Car Parking costs of £69k.
8. Currently the Trust is anticipating a surplus for Operations at the end of the financial year of £237,000.
9. When including project expenditure as part of these figures the surplus is reduced to a deficit of £83,000 for the financial year.
10. 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.
11. 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.

Fees and Charges

12. The Foreshore Trust, like Hastings Borough Council, has a duty to ensure that all fees and charges are reviewed and monitored in line with current costs and forecasts.
13. It is imperative that we find an equilibrium between increasing our fees and charges to aid our services to deliver what they need to, whilst recognising that the wider, potentially, negative social and economic impact on our residents will be far greater over the next couple of years and needs to be taken into consideration.
14. Due to the fact some of the Trust's income is directly through assets such as parking fees where there is a shared relationship with the Council, it becomes imperative that charges are aligned to ensure that there is no confusion for users of those services. E.g. avoid having multiple pricing schemes in the same car park.
15. As a result of the budget setting process, all Fees and Charges are subject to a full review process, and as such charges need to reflect that.
16. A recommendation has been proposed to Hastings Borough Council Cabinet at the meeting due to be held on Monday 5th December that an increase in all Fees and Charges be applied of 10% (unless otherwise stated).
17. This increase is reflective of the rise in associated costs for running those services, and to maintain the levels of services offered by the Trust / Council.
18. Due to the complexities in pricing as highlighted above, it is therefore recommended that the Foreshore Trust follows this recommendation and maintains its alignment with Hastings Brough Council's pricing structure.
19. The impact of these changes will be built in as part of the financial monitoring for the remainder of this financial year, as well as highlighted through the Foreshore Trust's budget process.

Business Plan

20. 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.
21. 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.
22. 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.
23. To date much of the expenditure on maintenance projects and main programme projects has yet to occur. Appendix 2 details the business plan showing planned cyclical repairs and redecorations and main programme projects over the next 3 financial years.

Indicative Forward Plan

24. 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

25. 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.

26. 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.

27. 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 2022/23 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
Appendix 2 – Business Plan
Appendix 3 – Grants Summary

Officers to Contact

Kit Wheeler
kit.wheeler@hastings.gov.uk
01424 451520
