

Report to: Charity Committee

Date of Meeting: 13 March 2023

Report Title: Foreshore Trust 2023/24 Budget and Finance Report 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) and to determine the budget for 2023/24.

Recommendation(s)

- 1. To agree the current financial position for 2022/23.**
- 2. Approve the budget for 2023/24.**
- 3. A full Financial and Business Plan review of future years be conducted once Final Financial position for 2022/23 is confirmed.**
- 4. Car parking charges for 2023/24 increase in line with Hastings Borough Council's approved policy.**

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 2022/23 to the sum of £259k in respect of operating income and expenses. Budget expectations were an Operating surplus of £218k. Once grant and project costs are taken into account a deficit of £58,000 is anticipated against a budgeted deficit of £99,000.

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 since 2020/21 as a result of the Covid-19 pandemic. The expectation is that the forthcoming years will be better financially than we've seen over the last couple of years.
3. Appendix 1 attached provides details of actual income and expenditure against the budget for 2022/23 as agreed at the March 2022 meeting of the committee. In summary, the operating surplus for 2022/23 was budgeted at £218,000 and is now forecast at £259,000 surplus.

4.

Financial Position 2022/23

5. 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.
6. Income is currently projected to be £84,000 under budget. The amount of car parking income anticipated is £111,000 under budget and rental income £27,000 higher as a result of a number of rental reviews.
7. Expenditure is expected to be £124,000 less than budget for the financial year, mainly due to lower Car Parking costs and lower than budgeted maintenance & cyclical repairs.

As a result, all the above variations to the original budget will give rise to a predicted net operating deficit for the year 2022/23 of £58,000. This is £41,000 better than the original budgeted deficit of £99,000.

Budget 2023/24

8. The budget for 2023/24 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 2023/24 budget.
9. The budget has been reviewed to allow for increases or decreases in expected income and expenditure e.g. contractual costs/ wage inflation.
10. The budgeted income figures for the forthcoming financial year includes 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 12.9% for pay and display. The recommendation is therefore that charges are increased in line with this policy for 2023/24.

Business Plan

11. Appendix 2 details the planned expenditure on projects over a 4 year period (including the current year original budget). This is split between cyclical repairs and redecorations and the main programme projects.
12. The Business plan has been updated as much as possible but will need 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

13. 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.
14. 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.
15. Therefore, it is only the 2023/24 budget which is being requested to be approved at this stage, with a further paper due to be presented later in 2023/24 to update on the longer-term financial position of the Trust along with a separate report regarding any amendments to the business plan.
16. This is to allow for further discussions to take place with officers once the current financial position is confirmed for 2022/23.

Reserves

17. The total effective cash balances of the Trust at the 31 March 2022 amounted to £1.46m after providing for the outstanding settlement to Hastings Borough Council for amounts owed for 2020/21.
18. With the current business plan, the revised cash balances for future years are estimated as follows :-
 - £1.40m as at 31st March 2023,
 - £1.41m as at 31st March 2024,
 - £1.46m as at 31st March 2025,
 - £1.53m as at 31st March 2026.
19. 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
Appendix 4 – Grants summary

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