

**Report to:** Charity Committee

**Date of Meeting:** 12 June 2023

**Report Title:** Finance Monitoring Report 2022/23

**Report By:** Rita O'Mahoney  
Chief Accountant

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### **Purpose of Report**

To advise members of the Committee on the Final financial position of 2022/23.

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### **Recommendation**

- 1. To agree the draft financial outturn position for 2022/23.**
- 2. Note the Current Financial Position**
- 3. To review and update the Business Plan.**

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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.

The Trust is reporting a surplus for the 2022/23 financial year in respect of operating income and expenses of £312,000. However, once Grant and project costs are taken into account this becomes a deficit of £11,000.

## Introduction

1. The Foreshore Trust, like many other Charities and businesses over the past few years has started to see some green shoots of economic recovery after what has been an incredibly difficult and challenging financial climate.
2. The Foreshore Trust derives its income mainly from car parking and property leases/licences, the former income stream being quite variable and hard to predict. This has especially been the case when the last few financial years have seen quite stark peaks and troughs in terms of demand and usage, in particular after the enforced lockdown restrictions were eased and lots more tourists visited the town.
3. Appendix 1 attached provides details of the income and expenditure to 31<sup>st</sup> March 2023 against the budget for 2022/23 as agreed at the March 2022 meeting of the Committee.
4. The budgeted operating surplus for 2022/23 was expected to be £218,000. The actual surplus achieved was £311,000 which is £93,000 greater than the budget.
5. It should be noted that due to delays with the External Audit of Hastings Borough Council (and the direct nature of the transactions between the two legal entities) the figures contained in the reports are draft until the Trusts auditors (Mannington's) have provided assurance and an opinion reached on the figures.

## Financial Position 2022/23

6. The budget agreed in March 2022 identified budgeted income at £1,578,000 and expenditure at £1,360,000 (excl. Depreciation). The budgeted surplus for the year being £218,000 after direct governance costs, but before distribution of grants, depreciation and before use of Reserves.
7. Income was in line with the budget overall despite some variances within each main area.
8. Improved financial performance from investments and higher interest rates has meant that the trust exceeded its investment budget by £25,000 and achieved a total return of £31,000.
9. There was additional rental income of £27,000 as a result of new rental agreements being reached. The rental review meant extra Income from mini golf, Lee Amusements, EHSA & Flamingo Arcade.
10. Due to the unpredictable and variable nature of Car parking income, this area of income that did not achieve its budgeted amount and was £52,000 under budget. This was fully offset by the favourable variances on the rental and investment income streams. It is hoped that Parking income will return to its pre pandemic level for the next financial year.
11. Expenditure for the year was £94,000 under budget which was mainly due to a change of contract cleaning provider which reduced the contracted costs. There were also unexpected electricity and gas refunds in respect of previous years accounts for the Stade, lower Car Parking costs and lower than budgeted maintenance & cyclical repairs.
12. The net overall result means that the Trust is showing a surplus for Operations at the end of the financial year of £312,000.

13. When including project expenditure as part of these figures the surplus is reduced to a relatively small deficit of £11,000 for the financial year compared to the budgeted amount of £99,000.

## **Financial Position 2023/24**

14. The budget agreed in March 2023 identified budgeted income at £1,549,000 and expenditure at £1,293,000. The budgeted surplus for the year being £256,000 after direct governance costs, but before distribution of grants, capital charges and before use of Reserves.
15. In order to stabilise the Trust's financial position it was also agreed to award just one cycle of grants – Total to be awarded in the year £42,922. To Date £11.7k has been awarded in Small Grants and £10.5k in large grants.
16. 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 budget activities, to cover the cost of the Grants programme will need to be considered when looking at the business plan and what is affordable.
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. 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.
19. 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.
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. This is due to be discussed as a separate item and agreed at the same meeting that this report is presented and will be updated as part of those discussions.

## **Indicative Forward Plan**

21. The indicative forward plan is shown in Appendix 3 and just like the business plan is in the process of being updated and will be revised 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 2023 amounted to £1.45m after providing for the outstanding settlement to Hastings Borough Council for amounts owed for 2022/23.
23. With the current business plan, the revised cash balances for future years are estimated as follows :-
- £1.45m as at 31<sup>st</sup> March 2023,
  - £1,46m as at 31<sup>st</sup> March 2024,
  - £1.50m as at 31<sup>st</sup> March 2025,
  - £1.54m as at 31<sup>st</sup> March 2026,
24. The reserves policy agreed in September 2019 identifies £900,000 as the suitable level to maintain given the potential risks to the Trust.

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## 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 2022/23 under and over spends	2024/25 budget	March 2024	Chief Accountant

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## Additional Information

- Appendix 1 - Draft Finance Outturn
- Appendix 2 - Business Plan - Financial Summary
- Appendix 3 - Indicative Forward Plan
- Appendix 4 - Grants Programme

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## Wards Affected

None

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## 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

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### Officers to Contact

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