

Report to: Charity Planning Committee

Date of Meeting: 5 March 2024

Report Title: Foreshore Trust 2024/25 Budget and Finance Report 2023/24

Report By: Kit Wheeler, Chief Finance Officer

Purpose of Report

To advise members of the Committee on the current year's financial position (2023/24) and to determine the budget for 2024/25.

Recommendation(s)

- 1. Approve the budget for 2024/25.**
- 2. A full Financial and Business Plan review of future years be conducted once Final Financial position for 2023/24 is confirmed.**
- 3. Fees and Charges for 2024/25 increase in line with Hastings Borough Council's approved policy (Appendix 5)**

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 2023/24 to the sum of £123k in respect of operating income and expenses. Budget expectations were an Operating surplus of £257k compared with a forecast outturn operating surplus of £379k.

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. Appendix 1 attached provides details of actual income and expenditure against the budget for 2023/24 as agreed at the March 2023 meeting of the committee. In summary, the operating surplus for 2023/24 was budgeted at £257,000 and is now forecast at £379,000 surplus.

Financial Position 2023/24

3. The budget agreed in March 2023 identified budgeted income at £1,549,000 and expenditure at £1,292,000(Excl Capital Charges). The budgeted surplus for the year being £257,000 after direct governance costs, but before distribution of grants, capital charges and before use of Reserves.
4. Income is currently projected to be £102,000 over budget. The amount of car parking income anticipated is £90,000 over budget and Investment income £12,000 due to favourable Interest rates over the last 10 months.
5. Expenditure is expected to be £21,000 less than budget for the financial year, mainly due to reduced cleaning costs as a result of a new cleaning contract.

As a result, all the above variations to the original budget will give rise to a predicted net operating surplus for the year 2023/24 of £130,000. This is £123,000 better than the original budgeted surplus of £7,000.

Budget 2024/25

6. The budget for 2024/25 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 2024/25 budget.
7. The budget has been reviewed to allow for increases or decreases in expected income and expenditure e.g. contractual costs/ wage inflation.
8. Investment Income has increased in 2023/24 due to favourable interest rates. However, for 2024/25 we expect interest rates to level off and although lower than the 23/24 actuals it is still reasonable to assume better rates than in previous years.
9. 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 10.1% for pay and display. The recommendation is therefore that charges are increased in line with this policy for 2024/25.

Business Plan

10. 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.
11. 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

12. 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.

Reserves

13. The total effective cash balances of the Trust at the 31 March 2023 amounted to £1.40m after providing for the outstanding settlement to Hastings Borough Council for amounts owed for 2021/22.
14. With the current business plan, the revised cash balances for future years are estimated as follows :-
 - £1.58m as at 31st March 2024,
 - £1.67m as at 31st March 2025,
 - £1.84m as at 31st March 2026,
 - £2.03m as at 31st March 2027.
15. 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
Appendix 5 – Fees and Charges

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