



SOUTHWOLD HARBOUR MANAGEMENT COMMITTEE

Thursday, 12 January 2023

Subject	QUARTER 3 BUDGET MONITORING REPORT 2022/23
Supporting Officer	Lorraine Rogers Deputy Chief Finance Officer lorraine.rogers@eastsuffolk.gov.uk

Is the report Open or Exempt?	OPEN
-------------------------------	------

Category of Exempt Information and reason why it is NOT in the public interest to disclose the exempt information.	N/A
Wards Affected:	Southwold

Purpose and high-level overview

Purpose of Report:

This report provides the Committee with an overview of financial performance against approved budgets as at Quarter 3 for 2022/23.

Recommendation:

That having reviewed financial performance against approved budgets as at Quarter 3 for 2022/23, the Committee notes the report.

Impact Assessment

Governance:

None directly arising from this report.

Environmental:

None directly arising from this report.

Equalities and Diversity:

None directly arising from this report.

Financial:

The financial monitoring and reporting information is provided in Section 2 and 3.

Legal:

None directly arising from this report.

Risk:

None directly arising from this report.

Harbour Business Plan Priorities

To be added when the plan is in place.

East Suffolk Council Strategic Plan Priorities

Select the themes of the Strategic Plan which are supported by this proposal:		
T01	Growing our Economy	<input checked="" type="checkbox"/>
T02	Enabling our Communities	<input checked="" type="checkbox"/>
T03	Maintaining Financial Sustainability	<input checked="" type="checkbox"/>
T04	Delivering Digital Transformation	<input type="checkbox"/>
T05	Caring for our Environment	<input checked="" type="checkbox"/>

Background and Justification for Recommendation

1 Background facts

1.1 The Terms of Reference of the Harbour Management Committee state that the Committee will monitor performance against approved budgets and take appropriate action where this is required.

2 Current position

2.1 A Quarter 3 monitoring summary for Southwold Harbour, the Caravan Site and Campsite, and a combined position, is provided in **Appendix A**. Further supporting detail is provided in **Appendix B**. Sections 2.2 to 2.8 below, provide commentary on the Quarter 3 position.

2.2 Southwold Harbour Income

April to December 2022	Actuals + Commitments	Budget	Variance
Mooring Fees/Harbour Dues	£(94,144.00)	£(89,000.00)	£(5,144.00)
Property Lettings	£(62,271.00)	£(48,780.00)	£(13,491.00)
Other Fees & Charges	£(32,416.00)	£(20,382.00)	£(12,034.00)
Total Income	£(188,831.00)	£(158,162.00)	£(30,669.00)

The Quarter 3 income position shows the Harbour £30k ahead of budget for the year. This has not changed significantly from the mid-year position. This includes £18k of income received in advance of Quarter 4, for property rent and storage charges. Income from Mooring Fees and Harbour Dues is in line with the budget. Other income from the sale of electric use and diesel is slightly ahead of the budget by £12k, but this is offset by an overspend on materials held for resale (Section 2.3).

2.3 Southwold Harbour Expenditure

April to December 2022	Actuals + Commitments	Budget	Variance
Employee Expenses	£74,790.25	£60,450.00	£14,340.25
Transport Expenses	£916.00	£900.00	£16.00
Premises Expenses	£22,105.00	£28,950.00	£(6,845.00)
Supplies & Services	£51,352.00	£33,150.00	£18,202.00
Total Cost	£149,163.25	£123,450.00	£25,713.25

The Quarter 3 expenditure position for the Harbour shows an overspend of £26k but this is expected to be managed within the overall expenditure budgets for the year.

Employee Costs – the £14k overspend to date is due to overtime of Harbour staff during the peak period and current year pay awards.

	<p>Premises Costs – Planned maintenance is less than budgeted to the end of December.</p> <p>Supplies and Services – there is £18k overspend in this area as at December. This is due to the spend on diesel for resale being ahead of the budget profile by £12k. As in previous years, it is anticipated the additional cost of diesel will be offset by additional resale income.</p> <p>There are also costs which were not in the original budget. This includes the Harbour Revise Order Application fee and the Estuary study.</p>																																																				
2.4	<p>Southwold Harbour Net Position</p> <p>The below table brings together the direct income and expenditure in Sections 2.2 and 2.3, to present the overall net summary position for the Harbour, a surplus of £5k against the budget for the year to the end of December. This indicates the account is within the overall budget to date.</p> <table border="1"> <thead> <tr> <th>April to December 2022</th><th>Actuals + Commitments</th><th>Budget</th><th>Variance</th></tr> </thead> <tbody> <tr> <td>Mooring Fees/Harbour Dues</td><td>£(94,144.00)</td><td>£(89,000.00)</td><td>£(5,144.00)</td></tr> <tr> <td>Property Lettings</td><td>£(62,271.00)</td><td>£(48,780.00)</td><td>£(13,491.00)</td></tr> <tr> <td>Other Fees & Charges</td><td>£(32,416.00)</td><td>£(20,382.00)</td><td>£(12,034.00)</td></tr> <tr> <td>Total Income</td><td>£(188,831.00)</td><td>£(158,162.00)</td><td>£(30,669.00)</td></tr> <tr> <td> </td><td></td><td></td><td></td></tr> <tr> <td>Employee Expenses</td><td>£74,790.25</td><td>£60,450.00</td><td>£14,340.25</td></tr> <tr> <td>Transport Expenses</td><td>£916.00</td><td>£900.00</td><td>£16.00</td></tr> <tr> <td>Premises Expenses</td><td>£22,105.00</td><td>£28,950.00</td><td>£(6,845.00)</td></tr> <tr> <td>Supplies & Services</td><td>£51,352.00</td><td>£33,150.00</td><td>£18,202.00</td></tr> <tr> <td>Total Cost</td><td>£149,163.25</td><td>£123,450.00</td><td>£25,713.25</td></tr> <tr> <td> </td><td></td><td></td><td></td></tr> <tr> <td>Total Direct Income/Expenditure</td><td>£(39,667.75)</td><td>£(34,712.00)</td><td>£(4,955.75)</td></tr> </tbody> </table>	April to December 2022	Actuals + Commitments	Budget	Variance	Mooring Fees/Harbour Dues	£(94,144.00)	£(89,000.00)	£(5,144.00)	Property Lettings	£(62,271.00)	£(48,780.00)	£(13,491.00)	Other Fees & Charges	£(32,416.00)	£(20,382.00)	£(12,034.00)	Total Income	£(188,831.00)	£(158,162.00)	£(30,669.00)	 				Employee Expenses	£74,790.25	£60,450.00	£14,340.25	Transport Expenses	£916.00	£900.00	£16.00	Premises Expenses	£22,105.00	£28,950.00	£(6,845.00)	Supplies & Services	£51,352.00	£33,150.00	£18,202.00	Total Cost	£149,163.25	£123,450.00	£25,713.25	 				Total Direct Income/Expenditure	£(39,667.75)	£(34,712.00)	£(4,955.75)
April to December 2022	Actuals + Commitments	Budget	Variance																																																		
Mooring Fees/Harbour Dues	£(94,144.00)	£(89,000.00)	£(5,144.00)																																																		
Property Lettings	£(62,271.00)	£(48,780.00)	£(13,491.00)																																																		
Other Fees & Charges	£(32,416.00)	£(20,382.00)	£(12,034.00)																																																		
Total Income	£(188,831.00)	£(158,162.00)	£(30,669.00)																																																		
Employee Expenses	£74,790.25	£60,450.00	£14,340.25																																																		
Transport Expenses	£916.00	£900.00	£16.00																																																		
Premises Expenses	£22,105.00	£28,950.00	£(6,845.00)																																																		
Supplies & Services	£51,352.00	£33,150.00	£18,202.00																																																		
Total Cost	£149,163.25	£123,450.00	£25,713.25																																																		
Total Direct Income/Expenditure	£(39,667.75)	£(34,712.00)	£(4,955.75)																																																		
2.5	<p>Southwold Caravan and Campsite Income</p> <table border="1"> <thead> <tr> <th>April to December 2022</th><th>Actuals + Commitments</th><th>Budget</th><th>Variance</th></tr> </thead> <tbody> <tr> <td>Static Caravan Fees</td><td>£(290,877.26)</td><td>£(297,000.00)</td><td>£6,122.74</td></tr> <tr> <td>Touring Fees</td><td>£(327,409.11)</td><td>£(295,000.00)</td><td>£(32,409.11)</td></tr> <tr> <td>Other Fees & Charges</td><td>£(9,759.00)</td><td>£(9,150.00)</td><td>£(609.00)</td></tr> <tr> <td>Total Income</td><td>£(628,045.37)</td><td>£(601,150.00)</td><td>£(26,895.37)</td></tr> </tbody> </table> <p>As at Quarter 3, the income position for the Caravan Site and Campsite shows income to be in excess of the budget for the year to date by £27k. The budget does include an allowance for empty static sites, but additional sites have become vacant during the year.</p> <p>Mid-year budget monitoring reported touring income less than the budget, but Quarter 3 now shows an improved position.</p>	April to December 2022	Actuals + Commitments	Budget	Variance	Static Caravan Fees	£(290,877.26)	£(297,000.00)	£6,122.74	Touring Fees	£(327,409.11)	£(295,000.00)	£(32,409.11)	Other Fees & Charges	£(9,759.00)	£(9,150.00)	£(609.00)	Total Income	£(628,045.37)	£(601,150.00)	£(26,895.37)																																
April to December 2022	Actuals + Commitments	Budget	Variance																																																		
Static Caravan Fees	£(290,877.26)	£(297,000.00)	£6,122.74																																																		
Touring Fees	£(327,409.11)	£(295,000.00)	£(32,409.11)																																																		
Other Fees & Charges	£(9,759.00)	£(9,150.00)	£(609.00)																																																		
Total Income	£(628,045.37)	£(601,150.00)	£(26,895.37)																																																		

2.6	Southwold Caravan and Campsite Expenditure			
	April to December 2022	Actuals + Commitments	Budget	Variance
	Employee Expenses	£162,648.38	£150,750.00	£11,898.38
	Transport Expenses	£552.00	£975.00	£(423.00)
	Premises Expenses	£115,417.00	£124,500.00	£(9,083.00)
	Supplies & Services	£32,100.00	£33,900.00	£(1,800.00)
	Total Cost	£310,717.38	£310,125.00	£592.38
<p>The Quarter 3 position on expenditure for the Caravan Site and Campsite is in line with the budget.</p> <p>Employee Costs – direct staffing costs are underspend to December by £17k due to a vacant post held in the establishment which is now filled – Southwold Harbour Manager. This underspend has been offset by contractor costs for cleaning and security, which has exceeded the budget to date by £36k. This budget will be increased from next year as the current budget of £20k is not sufficient based on actual annual spend.</p> <p>Premises Costs – the underspend to date relates to utility costs. Whilst utility costs have increased significantly, the electricity budget is in excess of what is required. This budget will be re-visited for 2023/24 budget setting.</p>				
2.7	Southwold Caravan and Campsite Net Position			
	<p>The below table brings together the direct income and expenditure in Sections 2.5 and 2.6, to present the overall net summary position for the Caravan Site and Campsite, a surplus of £26k against the budget for the year to December. This is attributable to the income position being more than budgeted for the touring fee income.</p>			
April to December 2022	Actuals + Commitments	Budget	Variance	
Static Caravan Fees	£(290,877.26)	£(297,000.00)	£6,122.74	
Touring Fees	£(327,409.11)	£(295,000.00)	£(32,409.11)	
Other Fees & Charges	£(9,759.00)	£(9,150.00)	£(609.00)	
Total Income	£(628,045.37)	£(601,150.00)	£(26,895.37)	
Employee Expenses	£162,648.38	£150,750.00	£11,898.38	
Transport Expenses	£552.00	£975.00	£(423.00)	
Premises Expenses	£115,417.00	£124,500.00	£(9,083.00)	
Supplies & Services	£32,100.00	£33,900.00	£(1,800.00)	
Total Cost	£310,717.38	£310,125.00	£592.38	
Total Direct Income/Expenditure	£(317,328.00)	£(291,025.00)	£(26,303.00)	

2.8	Combined Net Position																																																														
	<p>This table brings together the Quarter 3 position for both the Harbour and the Caravan Site and Campsite. This shows an overall surplus position on direct income and expenditure of £31k. As mentioned in Section 2.2 there is £18k of income in advance of Quarter 4 included in the figures which would reduce the surplus position to £13k.</p> <p>Section 3.2 provides an updated year-end forecast position.</p>																																																														
	<table border="1"> <thead> <tr> <th>April to December 2022</th><th>Actuals + Commitments</th><th>Budget</th><th>Variance</th></tr> </thead> <tbody> <tr> <td>Mooring Fees</td><td>£(94,144.00)</td><td>£(89,000.00)</td><td>£(5,144.00)</td></tr> <tr> <td>Property Lettings</td><td>£(62,271.00)</td><td>£(48,780.00)</td><td>£(13,491.00)</td></tr> <tr> <td>Static Caravan Fees</td><td>£(290,877.26)</td><td>£(297,000.00)</td><td>£6,122.74</td></tr> <tr> <td>Touring Fees</td><td>£(327,409.11)</td><td>£(295,000.00)</td><td>£(32,409.11)</td></tr> <tr> <td>Other Fees & Charges</td><td>£(42,175.00)</td><td>£(29,532.00)</td><td>£(12,643.00)</td></tr> <tr> <td>Total Income</td><td>£(816,876.37)</td><td>£(759,312.00)</td><td>£(57,564.37)</td></tr> <tr> <td> </td><td></td><td></td><td></td></tr> <tr> <td>Employee Expenses</td><td>£237,438.63</td><td>£211,200.00</td><td>£26,238.63</td></tr> <tr> <td>Transport Expenses</td><td>£1,468.00</td><td>£1,875.00</td><td>£(407.00)</td></tr> <tr> <td>Premises Expenses</td><td>£137,522.00</td><td>£153,450.00</td><td>£(15,928.00)</td></tr> <tr> <td>Supplies & Services</td><td>£83,452.00</td><td>£67,050.00</td><td>£16,402.00</td></tr> <tr> <td>Total Cost</td><td>£459,880.63</td><td>£433,575.00</td><td>£26,305.63</td></tr> <tr> <td> </td><td></td><td></td><td></td></tr> <tr> <td>Total Direct Income/Expenditure</td><td>£(356,995.75)</td><td>£(325,737.00)</td><td>£(31,258.75)</td></tr> </tbody> </table>				April to December 2022	Actuals + Commitments	Budget	Variance	Mooring Fees	£(94,144.00)	£(89,000.00)	£(5,144.00)	Property Lettings	£(62,271.00)	£(48,780.00)	£(13,491.00)	Static Caravan Fees	£(290,877.26)	£(297,000.00)	£6,122.74	Touring Fees	£(327,409.11)	£(295,000.00)	£(32,409.11)	Other Fees & Charges	£(42,175.00)	£(29,532.00)	£(12,643.00)	Total Income	£(816,876.37)	£(759,312.00)	£(57,564.37)	 				Employee Expenses	£237,438.63	£211,200.00	£26,238.63	Transport Expenses	£1,468.00	£1,875.00	£(407.00)	Premises Expenses	£137,522.00	£153,450.00	£(15,928.00)	Supplies & Services	£83,452.00	£67,050.00	£16,402.00	Total Cost	£459,880.63	£433,575.00	£26,305.63	 				Total Direct Income/Expenditure	£(356,995.75)	£(325,737.00)
April to December 2022	Actuals + Commitments	Budget	Variance																																																												
Mooring Fees	£(94,144.00)	£(89,000.00)	£(5,144.00)																																																												
Property Lettings	£(62,271.00)	£(48,780.00)	£(13,491.00)																																																												
Static Caravan Fees	£(290,877.26)	£(297,000.00)	£6,122.74																																																												
Touring Fees	£(327,409.11)	£(295,000.00)	£(32,409.11)																																																												
Other Fees & Charges	£(42,175.00)	£(29,532.00)	£(12,643.00)																																																												
Total Income	£(816,876.37)	£(759,312.00)	£(57,564.37)																																																												
Employee Expenses	£237,438.63	£211,200.00	£26,238.63																																																												
Transport Expenses	£1,468.00	£1,875.00	£(407.00)																																																												
Premises Expenses	£137,522.00	£153,450.00	£(15,928.00)																																																												
Supplies & Services	£83,452.00	£67,050.00	£16,402.00																																																												
Total Cost	£459,880.63	£433,575.00	£26,305.63																																																												
Total Direct Income/Expenditure	£(356,995.75)	£(325,737.00)	£(31,258.75)																																																												

3 How to address current situation				
3.1	<p>Appendix C includes a year-end forecast position as at 31 December 2022 for the Southwold Harbour and the Caravan Site and Campsite.</p>			
3.2	<p>The table below provides a year-end forecast of the combined position for the Harbour and the Caravan Site and Campsite. This is based on the Quarter 3 position, known commitments for the remainder of the year and prior year trends.</p> <p>Southwold Harbour and the Caravan Site and Campsite Forecast Position 2022/23</p>			
	Forecast for year	Budget for Year	Forecast Variance for the Year	
Mooring Fees	£(94,000.00)	£(94,000.00)	£0.00	
Property Lettings	£(75,000.00)	£(66,000.00)	£(9,000.00)	
Static Caravan Fees	£(290,877.00)	£(297,000.00)	£6,123.00	
Touring Fees	£(327,400.00)	£(295,000.00)	£(32,400.00)	
Other Fees & Charges	£(66,143.00)	£(44,400.00)	£(21,743.00)	
Total Income	£(853,420.00)	£(796,400.00)	£(57,020.00)	

Employee Expenses	£292,203.00	£282,700.00	£9,503.00
Transport Expenses	£1,700.00	£2,500.00	£(800.00)
Premises Expenses	£168,000.00	£189,400.00	£(21,400.00)
Supplies & Services	£89,700.00	£98,900.00	£(9,200.00)
Total Cost	£551,603.00	£573,500.00	£(21,897.00)
Total Direct Income/Expenditure	£(301,817.00)	£(222,900.00)	£(78,917.00)
Support Recharges (Year End Charge)	£105,600.00	£81,700.00	£23,900.00
Total Indirect Income/Expenditure	£105,600.00	£81,700.00	£23,900.00
TOTAL INCOME STATEMENT	£(196,217.00)	£(141,200.00)	£(55,017.00)

3.3	Income is forecast to be slightly over budget for the year due to car parking income not budgeted and additional Campsite income. Premise expenses are also projected to be underspent, where budgets are held for unforeseen costs such as repairs and maintenance. A recent condition survey carried out by the Asset Management team has identified a programme of works across all Council assets. This will be scheduled into future year budgets from 2023/24.
3.4	At the mid-year budget monitoring report, the forecast on the overall position was a small deficit of £4k compared to a £55k surplus as at Quarter 3. January to March is a quiet period for this service area and is unlikely to lead to a notable change from the current forecast position. The overall year-end outturn is not expected to deviate significantly from the net budget.
3.5	<p>Commitments for January to March</p> <p>The following items are included in the above forecast:</p> <ul style="list-style-type: none"> • £10,000 for Estuary Studies • Harbour Revision Order advertising costs £5,000
3.6	<p>Energy Bill Relief from October 2022 to March 2023</p> <p>This scheme will provide energy bill relief for non-domestic customers, including the public sector. This has been taken into account in the forecast position.</p>
3.7	<p>Internal Support Recharges</p> <p>Internal Support Recharges is the cost of the Council's support services to Southwold Harbour and the Caravan Site and Campsite. The costs are recharged at the end of the year, on a basis that reflects the use of those services, using the same methodology as applied across other Council services. Following the establishment of the Southwold Harbour Management Committee in 2021, it is considered appropriate for these recharges to be reviewed for 2022/23. This is to ensure the overall recharge reasonably reflects the Council's support for the new arrangements.</p>

Following a recent review of Support Recharges as part of the 2023/24 budget setting process, the forecast recharge for the current year is set out below. There is some change to individual recharges when compared to the previous year but the overall charge does not significantly change.

Internal Support Recharges for Southwold Harbour and Caravan and Campsite

Support Recharge	2021/22 Actual	2022/23 Forecast	
Accounting Services	£27,000	£16,200	Covers transactional processing, budget monitoring, budget setting and reporting.
Corporate Expenses (Democratic Services and Health & Safety)	£2,000	£8,800	This is based on a percentage of officer time supporting the service area. Democratic Services and Health and Safety.
Customer Services	£20,000	£20,000	Based on usage of the call centre and website etc. The recharge represents approximately 55% of a full time Customer Services officer.
Estates/Asset Management	£5,000	£800	This is based on a percentage of officer time supporting the service area.
Human Resources	£4,800	£16,100	Fixed charge per person. This covers all of the HR function (recruitment, payroll, etc).
ICT	£35,000	£34,700	ICT is also a fixed charge per person to cover the kit that is used plus the systems and tech support and infrastructure and license fees.
Legal Services	£8,000	£4,000	Legal record their time.
Senior and Corporate Management	£4,000	£5,000	Proportion of Head of Operations.
Total	£105,800	£105,600	

4 Reason/s for recommendation

4.1 To fulfil the Committee's responsibilities in respect of budget monitoring against approved budgets.

Appendices

Appendices:

Appendix A	2022-23 Quarter 3 Monitoring Summary
Appendix B	2022-23 Quarter 3 Monitoring Detailed Schedules
Appendix C	2022-23 Year End Forecast as at 31 December 2022

Background reference papers:

None