



SOUTHWOLD HARBOUR MANAGEMENT COMMITTEE

Thursday, 20 October 2022

Subject	Mid-Year Budget Monitoring Report 2022/23
Supporting Officer	Lorraine Rogers Deputy Chief Finance Officer lorraine.rogers@eastsoffolk.gov.uk

Is the report Open or Exempt?	OPEN
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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 a mid-year overview of financial performance against approved budgets for 2022/23.

Recommendation/s:

That the Harbour Management Committee, having noted the Mid-Year Budget Monitoring Report 2022/23 recommend this to Cabinet.

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, and
 - make a six monthly and annual report to the Cabinet reporting on performance against budget.

2 Current position

- 2.1 A mid-year budget monitoring summary for Southwold Harbour, the Caravan and Camping Site, and a combined position, is provide in Appendix A. Further supporting detail is provided in Appendix B. Sections 2.2 to 2.8 below, provide commentary on the mid-year position.

2.2 Southwold Harbour Income

April to September 2022	Actuals + Commitments	Budget	Variance
Mooring Fees/Harbour Dues	£(89,242.00)	£(84,000.00)	£(5,242.00)
Property Lettings	£(51,672.00)	£(33,060.00)	£(18,612.00)
Other Fees & Charges	£(26,143.00)	£(16,414.00)	£(9,729.00)
Total Income	£(167,057.00)	£(133,474.00)	£(33,583.00)

The mid-year income position for the Harbour shows a surplus of £34k. This includes £15k of income received in advance of the second half of the year, 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 £10k.

2.3 Southwold Harbour Expenditure

April to September 2022	Actuals + Commitments	Budget	Variance
Employee Expenses	£46,223.00	£40,300.00	£5,923.00
Transport Expenses	£370.00	£600.00	£(230.00)
Premises Expenses	£11,498.00	£21,700.00	£(10,202.00)
Supplies & Services	£41,851.00	£22,100.00	£19,751.00
Total Cost	£99,942.00	£84,700.00	£15,242.00

The mid-year expenditure position for the Harbour shows an overspend of £15k but this is expected to be managed within the overall expenditure budgets for the year.

Employee Costs – the £5.9k overspend to date is due to overtime of Harbour staff during the peak period. This has not been budgeted for.

Premises Costs – there is a budget provision of £9.3k for planned and responsive repairs and maintenance during the first half of the year. To date actual spend has been just over £1k, and primarily accounts for the £10k underspend on premises expenses.

Supplies and Services – there is £20k overspend in this area as at September. This is due to the spend on diesel for resale being ahead of the budget profile by £17k and the cost of the Harbour Revise Order Application fee of £4k which was not budgeted. As in previous years, it is anticipated the additional cost of diesel will be offset by additional resale income.

2.4 Southwold Harbour Net Position

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 £18k against the budget for the year to September. Allowing for £15k of income received in advance of the second half of the year, this would reduce the position to a surplus of £3k, which indicates the account is performing in line with the budget.

April to September 2022	Actuals + Commitments	Budget	Variance
Mooring Fees/Harbour Dues	£(89,242.00)	£(84,000.00)	£(5,242.00)
Property Lettings	£(51,672.00)	£(33,060.00)	£(18,612.00)
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Premises Expenses	£11,498.00	£21,700.00	£(10,202.00)
Supplies & Services	£41,851.00	£22,100.00	£19,751.00
Total Cost	£99,942.00	£84,700.00	£15,242.00
Total Direct Income/Expenditure	£(67,115.00)	£(48,774.00)	£(18,341.00)

2.5 Southwold Caravan and Campsite Income

April to September 2022	Actuals + Commitments	Budget	Variance
Static Caravan Fees	£(268,686.00)	£(297,000.00)	£28,314.00
Touring Fees	£(279,730.00)	£(295,000.00)	£15,270.00
Other Fees & Charges	£(7,810.00)	£(6,100.00)	£(1,710.00)
Total Income	£(556,226.00)	£(598,100.00)	£41,874.00

The mid-year income position for the Caravan and Campsite shows income to be underbudget for the year to date by £42k. The budget does include an allowance for empty static sites, but additional sites have become vacated during the year.

	Despite the good weather during the summer season, campsite income is less than budgeted. A likely explanation is more people taking holidays abroad for the first time since the pandemic.																																																
2.6	<p>Southwold Caravan and Campsite Expenditure</p> <table><tr><th>April to September 2022</th><th>Actuals + Commitments</th><th>Budget</th><th>Variance</th></tr><tr><td>Employee Expenses</td><td>£97,187.00</td><td>£100,500.00</td><td>£(3,313.00)</td></tr><tr><td>Transport Expenses</td><td>£91.00</td><td>£650.00</td><td>£(559.00)</td></tr><tr><td>Premises Expenses</td><td>£101,141.00</td><td>£96,350.00</td><td>£4,791.00</td></tr><tr><td>Supplies & Services</td><td>£24,270.00</td><td>£22,600.00</td><td>£1,670.00</td></tr><tr><td>Total Cost</td><td>£222,689.00</td><td>£220,100.00</td><td>£2,589.00</td></tr></table> <p>The mid-year position on expenditure for the Caravan and Campsite is in line with the budget, with a small overspend of £2k.</p> <p>Employee Costs – direct staffing costs are underspend to September by £29k due to a vacant post (Southwold and Harbour Assets Manager) held in the establishment. This post has now been filled. This underspend has been offset by contractor costs for cleaning and security, which has exceeded the budget to date by £26k.</p> <p>Premises Costs – the overspend to date of £5k is due to the profiling of budget against actual spend.</p>	April to September 2022	Actuals + Commitments	Budget	Variance	Employee Expenses	£97,187.00	£100,500.00	£(3,313.00)	Transport Expenses	£91.00	£650.00	£(559.00)	Premises Expenses	£101,141.00	£96,350.00	£4,791.00	Supplies & Services	£24,270.00	£22,600.00	£1,670.00	Total Cost	£222,689.00	£220,100.00	£2,589.00																								
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2.7	<p>Southwold Caravan and Campsite Net Position</p> <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 and Campsite, a deficit of £44k against the budget for the year to September. This is attributable to the income position being less than budgeted for the Static Caravan and Camping sites.</p> <table><tr><th>April to September 2022</th><th>Actuals + Commitments</th><th>Budget</th><th>Variance</th></tr><tr><td>Static Caravan Fees</td><td>£(268,686.00)</td><td>£(297,000.00)</td><td>£28,314.00</td></tr><tr><td>Touring Fees</td><td>£(279,730.00)</td><td>£(295,000.00)</td><td>£15,270.00</td></tr><tr><td>Other Fees & Charges</td><td>£(7,810.00)</td><td>£(6,100.00)</td><td>£(1,710.00)</td></tr><tr><td>Total Income</td><td>£(556,226.00)</td><td>£(598,100.00)</td><td>£41,874.00</td></tr><tr><td>Employee Expenses</td><td>£97,187.00</td><td>£100,500.00</td><td>£(3,313.00)</td></tr><tr><td>Transport Expenses</td><td>£91.00</td><td>£650.00</td><td>£(559.00)</td></tr><tr><td>Premises Expenses</td><td>£101,141.00</td><td>£96,350.00</td><td>£4,791.00</td></tr><tr><td>Supplies & Services</td><td>£24,270.00</td><td>£22,600.00</td><td>£1,670.00</td></tr><tr><td>Total Cost</td><td>£222,689.00</td><td>£220,100.00</td><td>£2,589.00</td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td>Total Direct Income/Expenditure</td><td>£(333,537.00)</td><td>£(378,000.00)</td><td>£44,463.00</td></tr></table>	April to September 2022	Actuals + Commitments	Budget	Variance	Static Caravan Fees	£(268,686.00)	£(297,000.00)	£28,314.00	Touring Fees	£(279,730.00)	£(295,000.00)	£15,270.00	Other Fees & Charges	£(7,810.00)	£(6,100.00)	£(1,710.00)	Total Income	£(556,226.00)	£(598,100.00)	£41,874.00	Employee Expenses	£97,187.00	£100,500.00	£(3,313.00)	Transport Expenses	£91.00	£650.00	£(559.00)	Premises Expenses	£101,141.00	£96,350.00	£4,791.00	Supplies & Services	£24,270.00	£22,600.00	£1,670.00	Total Cost	£222,689.00	£220,100.00	£2,589.00					Total Direct Income/Expenditure	£(333,537.00)	£(378,000.00)	£44,463.00
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2.8

Combined Net Position

This table brings together the mid-year position for both the Harbour and the Caravan and Camping Site. This shows an overall deficit position on direct income and expenditure of £26k. As referenced in Section 2.7, the income at the Caravan and Campsite is underperforming against the budget for the year to date.

April to September 2022	Actuals + Commitments	Budget	Variance
Mooring Fees	£(89,242.00)	£(84,000.00)	£(5,242.00)
Property Lettings	£(51,672.00)	£(33,060.00)	£(18,612.00)
Static Caravan Fees	£(268,686.00)	£(297,000.00)	£28,314.00
Touring Fees	£(279,730.00)	£(295,000.00)	£15,270.00
Other Fees & Charges	£(33,953.00)	£(22,514.00)	£(11,439.00)
Total Income	£(723,283.00)	£(731,574.00)	£8,291.00
Employee Expenses	£143,410.00	£140,800.00	£2,610.00
Transport Expenses	£461.00	£1,250.00	£(789.00)
Premises Expenses	£112,639.00	£118,050.00	£(5,411.00)
Supplies & Services	£66,121.00	£44,700.00	£21,421.00
Total Cost	£322,631.00	£304,800.00	£17,831.00
Total Direct Income/Expenditure	£(400,652.00)	£(426,774.00)	£26,122.00

3

How to address current situation

3.1

Appendix C includes a year-end forecast position as at 30 September 2022 for Southwold Harbour and the Caravan and Camping Site.

3.2

The table in provides a year-end forecast combined position for the Southwold Harbour and the Caravan and Campsite. This is based on the mid-year position, known commitments for the remainder of the year and prior year trends.

Southwold Caravan and Campsite Forecast Position 2022/23

April 2022 to March 2023	Forecast for year	Budget for Year	Forecast Variance for the Year
Mooring Fees	£(90,000.00)	£(94,000.00)	£4,000.00
Property Lettings	£(75,000.00)	£(66,000.00)	£(9,000.00)
Static Caravan Fees	£(268,686.00)	£(297,000.00)	£28,314.00
Touring Fees	£(285,000.00)	£(295,000.00)	£10,000.00
Other Fees & Charges	£(64,043.00)	£(44,400.00)	£(19,643.00)
Total Income	£(782,729.00)	£(796,400.00)	£13,671.00

	<table><tr><td>Employee Expenses</td><td>£284,500.00</td><td>£282,700.00</td><td>£1,800.00</td></tr><tr><td>Transport Expenses</td><td>£600.00</td><td>£2,500.00</td><td>£(1,900.00)</td></tr><tr><td>Premises Expenses</td><td>£162,000.00</td><td>£189,400.00</td><td>£(27,400.00)</td></tr><tr><td>Supplies & Services</td><td>£93,000.00</td><td>£98,900.00</td><td>£(5,900.00)</td></tr><tr><td>Total Cost</td><td>£540,100.00</td><td>£573,500.00</td><td>£(33,400.00)</td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td>Total Direct Income/Expenditure</td><td>£(242,629.00)</td><td>£(222,900.00)</td><td>£(19,729.00)</td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td>Support Recharges (Year End Charge)</td><td>£105,800.00</td><td>£81,700.00</td><td>£24,100.00</td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td>Total Indirect Income/Expenditure</td><td>£105,800.00</td><td>£81,700.00</td><td>£24,100.00</td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td>TOTAL INCOME STATEMENT</td><td>£(136,829.00)</td><td>£(141,200.00)</td><td>£4,371.00</td></tr></table>	Employee Expenses	£284,500.00	£282,700.00	£1,800.00	Transport Expenses	£600.00	£2,500.00	£(1,900.00)	Premises Expenses	£162,000.00	£189,400.00	£(27,400.00)	Supplies & Services	£93,000.00	£98,900.00	£(5,900.00)	Total Cost	£540,100.00	£573,500.00	£(33,400.00)					Total Direct Income/Expenditure	£(242,629.00)	£(222,900.00)	£(19,729.00)					Support Recharges (Year End Charge)	£105,800.00	£81,700.00	£24,100.00					Total Indirect Income/Expenditure	£105,800.00	£81,700.00	£24,100.00					TOTAL INCOME STATEMENT	£(136,829.00)	£(141,200.00)	£4,371.00
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3.3	Income is forecast to be underbudget for the year due to income being down against the budget at the Caravan and Campsite. This is partially compensated by a projected underspend on expenditure, primarily premises expenses, where budgets are held for unforeseen costs such as repairs and maintenance																																																				
3.4	The overall net position is expected to be in line with the budget after taking into consideration internal support recharges. This is covered in Section 3.7 below.																																																				
3.5	Commitments for October to March The following items are included in the above forecast: <ul style="list-style-type: none">Assumption for staff pay awards for 2022/23 is in line with the National Employers’ final pay offer (to be agreed) for local government employees£15,000 commitment for Estuary StudiesHarbour Revision Order advertising costs £5,000																																																				
3.6	Energy Bill Relief from October 2022 to March 2023 This scheme will provide energy bill relief for non-domestic customers, including the public sector. This is currently being reviewed to understand how this will impact on the Council’s energy costs. This has not been taken into account in the forecast position.																																																				
3.7	Internal Support Recharges Internal Support Recharges is the cost of the Council’s support services to Southwold Harbour and the Caravan 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 was considered appropriate for these recharges to be reviewed for the 2021/22 year-																																																				

end to ensure the overall recharge reflected the Council's support to the new arrangements and was reasonable.

Actual charges for the previous year are used as a forecast for the current year, on the basis that there is no significant change anticipated to the level of support provided. This does show an increase against the budget of £24k. The below table shows the breakdown of the charges and the basis on which they are allocated.

Internal Support Recharges for Southwold Harbour and Caravan and Campsite

Support Recharge	2021/22 Actual	2022/23 Budget	2022/23 Estimate	
Accounting Services	£27,000	£0	£27,000	Covers transactional processing, budget monitoring, budget setting and reporting.
Corporate Expenses (Democratic Services, Comms, Health & Safety, Internal Audit)	£2,000	£0	£2,000	This is based on a pro rata of the overall council expenditure for the service mentioned.
Customer Services	£20,000	£31,700	£20,000	Based on usage of the call centre and website etc.
Estates/Asset Management	£5,000		£5,000	Based on a percentage of the value of the portfolio.
Human Resources	£4,800	£7,700	£4,800	Fixed charge per person. This covers all of the HR function (recruitment, payroll, etc).
ICT	£35,000	£42,300	£35,000	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	£0	£8,000	Legal record their time
Senior and Corporate Management	£4,000	£0	£4,000	Proportion of Head of Operations.
Total	£105,800	£81,700	£105,800	

- 3.8 The Committee will receive the Quarter 3 Budget Monitoring Report at its January meeting, along with the Draft Budget for 2023-24. The proposed schedule of fees and charges for next year will be presented at the November meeting.

4 Reason/s for recommendation

- 4.1 To fulfil the Committee's responsibilities in respect of budget monitoring, and for reporting to the Cabinet on performance against approved budgets.

Appendices

Appendices:	
Appendix A	2022-23 Mid-Year Budget Monitoring Summary
Appendix B	2022-23 Mid-Year Budget Monitoring Detailed Schedules
Appendix C	2022-23 Year End Forecast as at 30 September 2022

Background reference papers:	
None.	