



Southwold Harbour

MANAGEMENT COMMITTEE

SOUTHWOLD HARBOUR MANAGEMENT COMMITTEE

Thursday, 14 September 2023

| | |
|---------------------------|--|
| Subject | Mid-Year Budget Monitoring Report 2023/24 |
| Supporting Officer | Kerry Blair Head of Operations kerry.blair@eastsoffolk.gov.uk Sandie Palmer Finance Business Partner Sandie.palmer@eastsoffolk.gov.uk |
| Strategic Director | Andy Jarvis Strategic Director Andrew.jarvis@eastsoffolk.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. | Not applicable |

| | |
|------------------------|-----------|
| 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 2023/24.

Recommendation:

That having reviewed the Mid-Year Budget Monitoring Report 2023/24, the Committee report 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 | <p>The Terms of Reference of the Harbour Management Committee state that the Committee will;</p> <ul style="list-style-type: none"> • 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**

| 1 April 2023 – 23 August 2023 | Actuals + Commitments | Budget | Variance |
|-------------------------------|-----------------------|----------------------|---------------------|
| Mooring Fees/Harbour Dues | £(87,404.00) | £(82,200.00) | £(5,204.00) |
| Property Lettings | £(53,222.00) | £(27,480.00) | £(25,742.00) |
| Other Fees & Charges | £(21,105.00) | £(15,400.00) | £(5,705.00) |
| Total Income | £(161,731.00) | £(125,080.00) | £(36,651.00) |

The mid-year income position for the Harbour shows a surplus of £37k. This includes £25k 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 are £5k above budget. Income from the sale of electric use and diesel is also £5k above budget.

2.3 **Southwold Harbour Expenditure**

| 1 April to 23 August 2023 | Actuals + Commitments | Budget | Variance |
|---------------------------|-----------------------|-------------------|-------------------|
| Employee Expenses | £40,771.00 | £39,975.00 | £796.00 |
| Transport Expenses | £0.00 | £492.00 | £(492.00) |
| Premises Expenses | £15,014.00 | £34,078.00 | £(19,064.00) |
| Supplies & Services | £74,230.00 | £21,730.00 | £52,500.00 |
| Total Cost | £130,015.00 | £96,275.00 | £33,740.00 |

The mid-year expenditure position for the Harbour shows an overspend of £34k but it is expected it will be £17k overspent at year end due to the cost of the hydrographic survey (£22,300).

Premises Costs – there is a budget provision of £22k for planned and responsive repairs and maintenance during the first half of the year. To date there has been no spend on planned maintenance, although the work on the French Drain on Harbour Road has yet to commence. There is a variance of £8k on responsive maintenance to date due to spending on Health & Safety work at SO5E, the survey of the Washout Zone, and CCTV costs.

Supplies and Services – there is £43k overspend in this area at the end of Quarter 2. Contributing variances are: North Quay ground radar survey/hydrographic survey (£22k); New engine for the harbour launch (£9k); Diesel for sale (£7k); and Health & Safety Fishing Compound (£4k).

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 £3k against the budget to the end of Quarter 2, which indicates the account is performing in line with the budget. The forecast to year-end (31 March 2024) is that the harbour's outturn net expenditure will be at break-even.

| 1 April 2023 – 23 August 2023 | Actuals + Commitments | Budget | Variance |
|--|-----------------------|----------------------|---------------------|
| Mooring Fees/Harbour Dues | £(87,404.00) | £(82,200.00) | £(5,204.00) |
| Property Lettings | £(53,222.00) | £(27,480.00) | £(25,742.00) |
| Other Fees & Charges | £(21,105.00) | £(15,400.00) | £(5,705.00) |
| Total Income | £(161,731.00) | £(125,080.00) | £(36,651.00) |
| Employee Expenses | £40,771.00 | £39,975.00 | £796.00 |
| Transport Expenses | £0.00 | £492.00 | £(492.00) |
| Premises Expenses | £15,014.00 | £34,078.00 | £(19,064.00) |
| Supplies & Services | £74,230.00 | £21,730.00 | £52,500.00 |
| Total Cost | £130,015.00 | £96,275.00 | £33,740.00 |
| Total Direct Income/Expenditure | £(31,716.00) | £(28,805.00) | £(2,911.00) |

2.5 **Southwold Caravan and Campsite Income**

| 1 April 2023 – 23 August 2023 | Actuals + Commitments | Budget | Variance |
|---------------------------------|-----------------------|----------------------|---------------------|
| Static Caravan Fees | £(268,194.50) | £(297,000.00) | £28,805.50 |
| Touring Fees | £(390,845.99) | £(289,100.00) | £(101,745.99) |
| Other Fees & Charges | £(6,747.00) | £(5,002.00) | £(1,745.00) |
| Total Income | £(665,787.49) | £(591,102.00) | £(74,685.49) |

The mid-year income position for the Caravan and Campsite shows income is over budget for the year to date by £75k. The budget includes an allowance for empty static sites, and it is likely that the shortfall of £29k to date will be the same at outturn. It is expected that the income will still be £46k over budget at year end, although this is dependent on weather related cancellations in the touring pitch area.

2.6 **Southwold Caravan and Campsite Expenditure**

| 1 April 2023 – 23 August 2023 | Actuals + Commitments | Budget | Variance |
|-------------------------------|-----------------------|--------------------|-------------------|
| Employee Expenses | £112,066.00 | £95,858.00 | £16,208.00 |
| Transport Expenses | £1,515.00 | £533.00 | £982.00 |
| Premises Expenses | £131,962.00 | £81,788.00 | £50,174.00 |
| Supplies & Services | £47,661.00 | £18,532.00 | £29,129.00 |
| Total Cost | £293,204.00 | £196,711.00 | £96,493.00 |

Employee Costs – The variance of £16k against budget is due to the use of seasonal staff. By outturn this variance is expected to be about £6k under budget.

Premises Costs – the overspend to date of £50k is due in large part to the cost of the new shower block (£32k) and the refurbishment of the toilet block (£14k). However there has been an issue with the electricity meter and this is under investigation and should result in a reduction of electricity costs of c£16k.

Supplies & Services – The key variances are Repairs & Maintenance to Fire Bells, Bollards and other Health & Safety upgrades (£6k); Shop/Gas Sales (£13k); and Consultancy Costs (Surveys for voles and for static site) (£8k).

2.7 Southwold Caravan and Campsite Net Position

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 £22k against the budget for the year to the end of Quarter 2. However, forecasts to year-end (31 March 2024) suggest that the outturn for the caravan and campsite will be a small surplus of c£21k.

| 1 April 2023 – 23 August 2023 | Actuals + Commitments | Budget | Variance |
|--|-----------------------|----------------------|---------------------|
| Static Caravan Fees | £(268,194.50) | £(297,000.00) | £28,805.50 |
| Touring Fees | £(390,845.99) | £(289,100.00) | £(101,745.99) |
| Other Fees & Charges | £(6,747.00) | £(5,002.00) | £(1,745.00) |
| Total Income | £(665,787.49) | £(591,102.00) | £(74,685.49) |
| Employee Expenses | £112,066.00 | £95,858.00 | £16,208.00 |
| Transport Expenses | £1,515.00 | £533.00 | £982.00 |
| Premises Expenses | £131,962.00 | £81,788.00 | £50,174.00 |
| Supplies & Services | £47,661.00 | £18,532.00 | £29,129.00 |
| Total Cost | £293,204.00 | £196,711.00 | £96,493.00 |
| Total Direct Income/Expenditure | £(372,583.49) | £(394,391.00) | £21,807.51 |

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 £19k. As referenced in Section 2.7, the income at the Caravan and Campsite is underperforming against the budget for the year to date by £22k.

| 1 April 2023 – 23 August 2023 | Actuals + Commitments | Budget | Variance |
|--|-----------------------|----------------------|----------------------|
| Mooring Fees | £(87,404.00) | £(82,200.00) | £(5,204.00) |
| Property Lettings | £(53,222.00) | £(27,480.00) | £(25,742.00) |
| Static Caravan Fees | £(268,194.50) | £(297,000.00) | £28,805.50 |
| Touring Fees | £(390,845.99) | £(289,100.00) | £(101,745.99) |
| Other Fees & Charges | £(27,852.00) | £(20,402.00) | £(7,450.00) |
| Total Income | £(827,518.49) | £(716,182.00) | £(111,336.49) |
| Employee Expenses | £152,837.00 | £135,833.00 | £17,004.00 |
| Transport Expenses | £1,515.00 | £1,025.00 | £490.00 |
| Premises Expenses | £146,976.00 | £115,866.00 | £31,110.00 |
| Supplies & Services | £121,891.00 | £40,262.00 | £81,629.00 |
| Total Cost | £423,219.00 | £292,986.00 | £130,233.00 |
| Total Direct Income/Expenditure | £(404,299.49) | £(423,196.00) | £18,896.51 |
| Support Recharges (Year End Charge) | £0.00 | £0.00 | £0.00 |
| Total Indirect Income/Expenditure | £0.00 | £0.00 | £0.00 |
| TOTAL INCOME STATEMENT | £(404,299.49) | £(423,196.00) | £18,896.51 |

3 How to address current situation

- 3.1 **Appendix C** includes a year-end forecast position as at the end of Quarter 2 for Southwold Harbour and the Caravan and Camping Site.
- 3.2 The table below 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 2023/24

| | Forecast for year | Budget for Year | Forecast Variance for the Year |
|--|----------------------|----------------------|--------------------------------|
| Mooring Fees | £(110,000.00) | £(94,000.00) | £(16,000.00) |
| Property Lettings | £(64,000.00) | £(66,000.00) | £2,000.00 |
| Static Caravan Fees | £(268,194.50) | £(297,000.00) | £28,805.50 |
| Touring Fees | £(372,000.00) | £(295,000.00) | £(77,000.00) |
| Other Fees & Charges | £(75,000.00) | £(74,400.00) | £(600.00) |
| Total Income | £(889,194.50) | £(826,400.00) | £(62,794.50) |
| Employee Expenses | £327,050.00 | £332,900.00 | £(5,850.00) |
| Transport Expenses | £3,200.00 | £2,800.00 | £400.00 |
| Premises Expenses | £228,000.00 | £208,100.00 | £19,900.00 |
| Supplies & Services | £135,200.00 | £107,700.00 | £27,500.00 |
| Total Cost | £693,450.00 | £651,500.00 | £41,950.00 |
| Total Direct Income/Expenditure | £(195,744.50) | £(174,900.00) | £(20,844.50) |
| Support Recharges (Year End Charge) | £109,800.00 | £109,800.00 | £0.00 |
| Total Indirect Income/Expenditure | £109,800.00 | £109,800.00 | £0.00 |
| TOTAL INCOME STATEMENT | £(85,944.50) | £(65,100.00) | £(20,844.50) |

3.3 Income is forecast to be above budget for the year due to income being down against the budget for static caravans but up against budget for mooring fees and touring fees. The overall improving position in income is partially offset by additional expenditure on responsive repairs and the rising costs of some supplies and services.

3.4 The overall net position is expected to be a £21k favourable variance against budget.

3.5 The Committee will receive the Quarter 3 Budget Monitoring Report at its January meeting, along with the Draft Budget for 2024-25. The proposed schedule of fees and charges for next year will be presented at the November meeting.

4 Reason 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 | 2023-24 Mid-Year Budget Monitoring Summary |
| Appendix B | 2023-24 Mid-Year Budget Monitoring Detailed Schedules |
| Appendix C | 2023-24 Year End Forecast as at end of Quarter 2 |

Background reference papers:

None.