

Basingstoke Canal Joint Management Committee

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Update of Financial Position 2005/06

Report of the Honorary Treasurer

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1 Introduction

- 1.1 At the Joint Management Committee (JMC) meeting held on 22 October 2004 members approved a net revenue budget for 2005/06 of £517,500. This level of net revenue expenditure represented an increase of 3.0% over the previous year and as a consequence constituent authorities were requested to increase their formula based contributions by 3.0%. It should be recognised that the true inflationary increase was 3.9% mainly due to the anticipated pay settlement and increase in the Employers' Superannuation contribution together totalling 4.2%.
- 1.2 This report updates the members on the likely levels of constituent authorities' contributions for 2005/06 and the impact on the agreed revenue budget, based on the responses that have been received. The responses are set out in Appendix A.

2 Responses

- 2.1 In the last seven years the shortfalls in revenue contributions have been £12,487 (2.8%) in 1998/99, £49,000 (10.9%) in 1999/2000, £52,800 (11.5%) in 2000/01, £49,045 (10.5%) in 2001/02, £41,796 (8.8%) in 2002/03, £47,400 (9.7%) in 2003/04, and £57,400 (11.4%) in the current year (2004/05). The cumulative effect has been repeated calls on the reserves to supplement the maintenance work that has been funded from the revenue budget in the past.
- 2.2 All eight of the partner authorities have responded to the funding requests for 2005/06, five of which have promised to contribute the full budget level. The contributions of the other three are significantly lower than the requested levels; Hart District Council and Surrey Heath Borough Council are keeping their contributions at the 2003/04 levels which show reductions of 68% and 46% respectively, while Runnymede Borough Council is keeping its contribution at the 2004/05 level giving a reduction of 51%. The figures in Appendix A are based on these responses.

- 2.3 As a result, the shortfall in 2005/06 will be £60,300 (11.7%). Given the level of contributions promised (as set out in Appendix A) the Director will again have to consider additional reductions in budget to those he has had to implement in previous years, and this will be addressed before the start of the financial year.

3 Meeting the Shortfall in the 2005/06 Budget

- 3.1 The shortfall in contributions will be met (as in previous years) by curtailing expenditure on equipment and materials, and prioritising which essential maintenance work can be done. This will be predominately health and safety related. In addition, further savings may arise through staff turnover. Opportunities to generate extra income are limited, but will be actively pursued. Other budgets will also be reviewed with the intention of reducing expenditure where possible.

4 Conclusion

- 4.1 The projected revenue shortfall for 2005/06 is £2,900 higher than last year. Every effort will be made to revise the budget to take account of the deficit, without adversely affecting the daily operation of the canal. This may require a redirection of the appropriate earmarked reserves. The Canal Director considers that he can contain expenditure within the expected cash limit.

5 Recommendations

- 1 That members agree the Canal Director be authorised to take the necessary steps outlined in paragraph 3 to contain the net expenditure during 2005/06 to meet the shortfall in contributions from the partner authorities.
- 2 That Hart District Council and Runnymede and Surrey Heath Borough Councils be asked to reconsider their proposed contributions for 2005/06.

Appendix A

Local Authorities' Probable Revenue Contributions 2005/06

	2004/05 Original Request £	2004/05 Final Contributions £	2005/06 Original Request £	2005/06 Probable Contributions £	Notes
Surrey CC	140,500	140,500	144,700	144,700	1
Guildford BC	33,000	33,000	34,000	34,000	1
Runnymede BC	15,900	8,000	16,400	8,000	1
Surrey Heath BC	19,800	11,000	20,400	11,000	1
Woking BC	48,400	48,400	49,900	49,900	1
Hampshire CC	140,500	140,500	144,700	144,700	1
Hart DC	60,700	20,000	62,500	20,000	1
Rushmoor BC	43,600	43,600	44,900	44,900	1
Total	502,400	445,000	517,500	457,200	
Shortfall		57,400		60,300	
Shortfall %		11.4%		11.7%	

Notes

1. Confirmed contributions for 2005/06 (subject to full Council approval)