

Basingstoke Canal Joint Management Committee

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Update of Financial Position 2006/07

Report of the Honorary Treasurer

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1 Introduction

- 1.1 At the Joint Management Committee (JMC) meeting held on 21 October 2005 members approved a net revenue budget for 2006/07 of £532,900. 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 over 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 2006/07 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 eight 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, £57,400 (11.4%) in 2004/05, and £60,300 (11.7%) in the current year. The cumulative effect has been repeated calls on the reserves to supplement the maintenance work that is usually funded from the revenue budget.
- 2.2 To date, six of the eight partner authorities have responded to the funding requests for 2006/07, three of which (Guildford Borough Council, Rushmoor Borough Council and Hampshire County Council) have promised to contribute the full budget level. The contributions of the other three are significantly lower than the requested levels: Surrey Heath Borough Council and Hart District Council are keeping their contributions at the 2003/04 levels which show reductions of 48% and 69% respectively; Runnymede Borough Council is keeping its contribution at the 2004/05 level giving a reduction of 53%. Of the two partners who have yet to confirm their contributions,

Woking Borough Council will probably contribute the full budget level, and the Surrey County Council contribution will not be decided until 11 April. The figures in Appendix A are based on these assumptions.

- 2.3 As a result the shortfall in 2006/07 is expected to be £63,300 (11.9%). Given the level of contributions expected the Director will again have to consider additional reductions in the budget to those he had to implement in previous years, and this will be addressed before the start of the financial year. If the Surrey County Council contribution level decided on 11 April is less than scale request, then further reductions will be required.

3 Meeting the Shortfall in the 2006/07 Budget

- 3.1 The shortfall in contributions will be met (as in previous years) by curtailing expenditure on equipment and materials, and restricting the maintenance programme to essential work. In addition, further savings will arise through an internal review of the staffing structure. 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 2006/07 is £3,000 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 current 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 2006/07 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 2006/07.

Appendix A

Local Authorities' Probable Revenue Contributions 2006/07

	2005/06 Original Request £	2005/06 Final Contributions £	2006/07 Original Request £	2006/07 Probable Contributions £	Notes
Surrey CC	144,700	144,700	149,000	149,000	2
Guildford BC	34,000	34,000	35,000	35,000	1
Runnymede BC	16,400	8,000	16,900	8,000	1
Surrey Heath BC	20,400	11,000	21,000	11,000	1
Woking BC	49,900	49,900	51,400	51,400	3
Hampshire CC	144,700	144,700	149,000	149,000	1
Hart DC	62,500	20,000	64,400	20,000	1
Rushmoor BC	44,900	44,900	46,200	46,200	1
Total	517,500	457,200	532,900	469,600	
Shortfall		60,300		63,300	
Shortfall %		11.7%		11.9%	

Notes

1. Confirmed contributions for 2006/07 (subject to full Council approval)
2. Scale rate – final contribution to be decided 11 April
3. Provisional