

Hampshire County Council**Basingstoke Canal Joint Management Committee****23 March 2007****Update of Financial Position 2007/08****Report of the Honorary Treasurer**

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1 Introduction

- 1.1 At the Joint Management Committee (JMC) meeting held on 20 October 2006 members approved a net revenue budget for 2007/08 of £546,200. This level of net revenue expenditure represented an increase of 2.5% over the previous year and as a consequence constituent authorities were requested to increase their formula based contributions by 2.5%. It should be recognised that the true inflationary increase was over 3.2% mainly due to the anticipated pay settlement and increase in the Employers' Superannuation contribution.
- 1.2 This report updates the members on the likely levels of constituent authorities' contributions for 2007/08 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 nine 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, £60,300 (11.7%) in 2005/06, and £63,300 (11.9%) 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 Five partner authorities (Surrey County Council, Guildford Borough Council, Woking Borough Council, Rushmoor Borough Council and Hampshire County Council) have promised to contribute the full budget level in 2007/08. 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 49% and 70% respectively; Runnymede Borough Council is keeping its contribution at the 2004/05 level giving a reduction of 54%. The contributions are shown in Appendix A.

- 2.3 As a result the shortfall in 2007/08 is expected to be £65,800 (12%). 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.

3 Meeting the Shortfall in the 2007/08 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 scale of economies, either cutting non essential activities or finding different ways of delivery. Opportunities to generate extra income are limited, but are being actively considered by the Income Generation Sub-Group. All services will be reviewed with the intention of reducing expenditure where possible.

4 Conclusion

- 4.1 The projected revenue shortfall for 2007/08 is £2,500 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 2007/08 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 2007/08.

Appendix A

Local Authorities' Probable Revenue Contributions 2007/08

	2006/07 Original Request £	2006/07 Final Contributions £	2007/08 Original Request £	2007/08 Probable Contributions £	Notes
Surrey CC	149,000	149,000	152,700	152,700	1
Guildford BC	35,000	35,000	35,900	35,900	1
Runnymede BC	16,900	8,000	17,300	8,000	1
Surrey Heath BC	21,000	11,000	21,500	11,000	1
Woking BC	51,400	51,400	52,700	52,700	1
Hampshire CC	149,000	149,000	152,700	152,700	1
Hart DC	64,400	20,000	66,000	20,000	1
Rushmoor BC	46,200	46,200	47,400	47,400	1
Total	532,900	469,600	546,200	480,400	
Shortfall		63,300		65,800	
Shortfall %		11.9%		12.0%	

Notes

1. Confirmed contributions for 2007/08 (subject to full Council approval)