

**Hampshire County Council**

**Basingstoke Canal Joint Management Committee**

**19 October 2007**

**Item 9**

**Final Accounts 2006/07, Revised Budget 2007/08 and Forward Budget 2008/09**

**Report of the County Treasurer**

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**1. Introduction**

1.1 The purpose of this report is to provide members with a detailed briefing on the financial situation of the Basingstoke Canal Authority. In summary, members are asked to:

- \* note the final outturn position for 2006/07;
- \* review and agree the revised budget for the current year 2007/08;
- \* agree a budget for 2008/09 for submission to individual constituent authorities.

1.2 Net revenue costs are incurred by Hampshire County Council and recharged to Surrey County Council and the Riparian Districts in the manner agreed by this committee. Capital expenditure is met from the reserve account which was established to hold revenue balances and capital contributions.

1.3 The 2008/09 budget assumes no change in the funding, structure or management of the Canal because the outcome of the recent review has suggested that current level funding should continue in line with agreement by Members at the last meeting of Joint Management Committee until the new funding formula has been agreed by the partners.

**2. Final Accounts 2006/07**

2.1 The financial statement for 2006/07 set out in Appendix A shows a net surplus of £33,758 which has been transferred to the reserve account

2.2 Gross revenue expenditure at £623,741 was 1.8% (£1,159) lower than planned. The main variations were higher expenditure on site maintenance (-£11,900) and energy costs (-£3,300) offset by savings on plant, tools and equipment (£7,000), telephones and postage (£4,600) and research (£3,000). Income was up by 17.5% (£27,998), due mainly to one off factors such as higher than expected donations (+£14,200) and one off Wayleaves (+£11,600), but also higher recreational income (+£2,100).

2.3 The original budget was reduced by 11.9% because of the shortfall in the

formula-generated contributions which were initially requested. The net revenue surplus of £33,758 results from the strict budgetary controls exerted by the management team in their efforts to meet the programme of activities and the expectations of the public, and a better income performance than forecast.

- 2.4 There was no capital expenditure during the year. However, as agreed at the last meeting £1,150 was transferred from reserves to cover the overspend on back pumping scheme at St John's, and the grant of £11,638 was received from the Waterways Trust to cover the total costs of the major revetment works at Chatteralley and the tree project at Tundry Copse. All these costs were incurred last year. The Canal Infrastructure reserve is now cleared down to zero.
- 2.5 After transferring out the accumulated net revenue deficit and adding on the earned interest, the closing balance on the reserve account at 31 March 2007 was £176,656, an increase of £51,269 on the 31 March 2006 balance, and comprised the following:

<b>2006</b>		<b>2007</b>
<b>£</b>		<b>£</b>
37,247	Dredging and silt disposal	37,247
1,753	Colt Hill car parks	1,753
-12,788	Canal infrastructure	nil
89,660	Mooring Basin and Canal Centre	89,660
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115,872	<b>Total Earmarked Allocations</b>	128,660
4,000	Un earmarked reserve	8,365
5,792	Interest	
5,873		
- 277	Net revenue deficit/surplus	33,758
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<b>125,387</b>	<b>Closing Balance at 31 March</b>	<b>176,656</b>
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### 3. Revised Budget 2007/08

- 3.1 At the meeting of the JMC in October 2006 members agreed a net budget of £546,200 for 2007/08 for submission to the constituent authorities as set out in Appendix B. The submission included the request that authorities increase their formula based contributions by 3.0%.
- 3.2 Subsequently, the contributions were revised down by £65,800 (12.0%) to £480,400 following responses from the authorities. These figures are set out in Appendix C and form the basis of the 2007/08 revised budget.
- 3.3 A general review of expenditure and income has been undertaken and the budget has been revised downwards to reflect the shortfall in local authority contributions. This has resulted in the proposed revised budget shown in

Appendix B. It has not been possible to completely cover the funding shortfall due to known expenditure commitments and anticipated shortfalls in earned income.

3.4 Gross revenue expenditure has been set at £665,900, and takes account of the following variations:

\* **Employees (-£36,000)**

The reduced expenditure reflects the vacant posts for a Senior Ranger and the Development Officer. These savings have been reduced by the increased hours for the Centre's Caretaker, and by making an estimated allowance for the additional costs of the Remuneration and Benefits agreement which will probably be implemented later this year and backdated to April 2007.

\* **Premises (no change)**

The expenditure incurred to date on repairs and site maintenance – especially on lock gates, tree works, vandalism and bank protection works – has been contained within this budget.

\* **Transport (-£1,100)**

The decrease is due mainly to savings on staff travel.

\* **Supplies and Services (-£1,600)**

Savings have been achieved on office equipment and furniture.

\* **Special Project Research (+£1,400)**

The monitoring and condition assessment project this year has attracted additional funding from Natural England to cover this extra work of carrying out ecological monitoring of unit 2 of the SSSI.

3.5 The Total Revenue Income budget has been reduced by £8,900. The income forecasts for individual headings have been brought into line with past performance and current expectations. The income from Rents and Hire of Facilities is forecast to be down as it has been a disappointing year for camping and room hire due largely to the poor weather. Income from Donations and small grants is also forecast to be under the budget, but this is always an unpredictable area of income.

3.6 To meet the funding shortfall of £65,800 these variations in expenditure and income result in a revised budget for the current year of £480,400, which includes net budget savings of £28,400 and a draw on reserves of £32,200, rather than a contribution to reserves of £5,200.

#### **4. Forward Budget 2008/09**

4.1 The budget for 2008/09 has been prepared at the estimated outturn prices for that year, and is set out in Appendix B. It is assumed that variations in pay and price levels in the coming year will average 2.5%. The increase in pay

estimates the effect of the Pay and Benefits agreement which should be implemented in 2007/08.

4.2 The budget assumes no change in the funding, structure or management of the Canal because the outcome of the Review is not yet agreed.

4.3 The proposed net revenue budget for 2008/09 is, therefore, set at £559,800 which generates a small contribution to reserves of £5,100. Total gross revenue expenditure is estimated to be £718,100. This level reflects a continuation of the financial plan for the current year 2007/08, and accommodates the following:

\* **Staffing**

The budget covers the cost of the full staffing structure, taking into consideration increments and the annual pay award. There may be another increase in the Employer's contribution to the superannuation scheme, but this will not be known until later this year.

\* **Maintenance**

The budget covers the cost of routine maintenance works.

\* **Dredging Programme**

The revenue budget covers the cost of routine spot dredging, supplemented as necessary by withdrawals from earmarked allocation in the Reserve Account.

4.4 Income is estimated to be £163,400 in 2008/09 and reflects a continuation of the current year's activity at the Canal Centre.

4.5 To fund next year's budget in full, constituent authorities will need to increase their formula contributions by 2.5% as set out in Appendix C. These contributions are based on the original formula agreed by this committee, rather than on current year actual contributions.

## **5. Licence Fees for 2008/09**

5.1 Over the last few years boat licence fees have been increased by inflation only. It is proposed that a similar rise of approximately 3.0% - rounded for convenience – is put in place for 2008/09. This would give the prices set out in Appendix D.

## **6. Capital Expenditure Programme**

6.1 The current position on the main capital schemes is as follows:

Dredging

The dredging programme recommenced in 2007/08.

### Colt Hill Car Park

This will be used for minor improvements to the car park as the need arises.

### Canal Infrastructure

There is no budget in this reserve account following the completion of the work on revetments and tree works (all funded by the Waterways Trust) and the back pumping installation at St John's.

Members are requested to consider transferring the unallocated reserves of £39,631 to this reserve account for future work on the Canal infrastructure, including major revetment works, foot bridge replacement and renewing lock gates, subject to balancing the budget at the end of the current financial year.

### Canal Centre Improvements and Mooring Basin

A mooring basin at the Canal Centre is no longer considered to be a viable option due to potential preferred developments being considered elsewhere in the area. Improvements to the facilities at the Canal Centre to provide a better visitor experience are to be considered by the Income Generation Group after appraisal of the draft Canal Centre Development Plan.

## **7. Conclusion**

- 7.1 The final accounts for 2006/07 show an improvement in the financial position of the BCA, largely down to one off income. The revised budget for 2007/08 reflects the challenges the BCA is continually having to address. The continuing policy of prudent financial management is reflected in the 2.5% increase in the proposed budget for 2008/09.

## **RECOMMENDATIONS**

- 1 That the final accounts of the Basingstoke Canal Authority for the year ended 31 March 2007 be approved.
- 2 That the revised budget for 2007/08 be agreed.
- 3 That the proposed forward budget for 2008/09 be agreed and submitted for consideration to the constituent authorities.
- 4 That the proposed licence fees for 2008/09 be agreed.
- 6 That £39,631 of unallocated reserves be transferred to the Canal Infrastructure budget, subject to balancing the budget at the end of the current financial year.

## BASINGSTOKE CANAL JOINT MANAGEMENT COMMITTEE

## FINANCIAL OUTTURN 2006/07

	<b>2006/07 Revised Budget £</b>	<b>2006/07 Actual £</b>	<b>(Over)/ Under Budget £</b>
<b><u>Expenditure</u></b>			
Employees	415,200	414,269	931
Premises	73,100	89,095	(15,995)
Transport	91,200	83,978	7,222
Supplies & Services	42,400	36,399	6,001
Dredging	0	0	0
Special Project Research	3,000	0	3,000
<b>Total Revenue Expenditure</b>	<b>624,900</b>	<b>623,741</b>	<b>1,159</b>
<b><u>Income</u></b>			
Boat Licences	18,000	20,080	(2,080)
Sales	3,400	3,698	(298)
Angling	10,000	11,095	(1,095)
Rents and Hire of Facilities	47,900	59,335	(11,435)
Group Activities	12,500	11,062	1,438
Fibre Optic Cable	51,800	51,705	95
Donations	14,500	28,694	(14,194)
Commercial Operations	1,800	2,228	(428)
<b>Total Revenue Income</b>	<b>159,900</b>	<b>187,898</b>	<b>(27,998)</b>
Contribution to/(from) Reserves	4,600	33,758	(29,158)
<b>Net Revenue Expenditure</b>	<b>469,600</b>	<b>469,600</b>	<b>0</b>
<b>Local Authority Contributions</b>	<b>469,600</b>	<b>469,600</b>	<b>0</b>
<b>RESERVE ACCOUNT 2006/07</b>			
	<b>£</b>	<b>£</b>	
Balance as at 1 April 2006		125,387	
Add: Interest		5,873	
Add: Net Capital Income	11,638		
Add: Revenue Surplus	<u>33,758</u>		
		<u>45,396</u>	
Balance as at 31 March 2007		<u>176,656</u>	

## BASINGSTOKE CANAL JOINT MANAGEMENT COMMITTEE

REVISED BUDGET 2007/08  
FORWARD BUDGET 2008/09

	<b>Original Budget 2007/08 £</b>	<b>Revised Budget 2007/08 £</b>	<b>Forward Budget 2008/09 £</b>
<b><u>Expenditure</u></b>			
Employees	488,000	452,000	499,900
Premises	75,000	75,000	77,200
Transport	83,500	82,400	84,400
Supplies & Services	43,600	42,000	43,100
Dredging	10,000	10,000	10,000
Special Project Research	3,100	4,500	3500
<b>Total Revenue Expenditure</b>	<b>703,200</b>	<b>665,900</b>	<b>718,100</b>
<b><u>Income</u></b>			
Boat Licences	18,500	18,500	19,000
Sales	3,500	3,500	3,600
Angling	10,300	10,300	10,600
Rents and Hire of Facilities	49,100	45,100	52,400
Group Activities	12,800	12,800	13,100
Fibre Optic Cable	53,100	53,100	54,400
Donations	14,900	10,000	10,300
<b>Total Revenue Income</b>	<b>162,200</b>	<b>153,300</b>	<b>163,400</b>
Contribution to/(from) Reserves	5,200	(32,200)	5,100
<b>Net Revenue Expenditure</b>	<b>546,200</b>	<b>480,400</b>	<b>559,800</b>

BASINGSTOKE CANAL JOINT MANAGEMENT COMMITTEE  
 LOCAL AUTHORITY CONTRIBUTIONS 2007/08 AND 2008/09

**REVENUE CONTRIBUTIONS**

<b><u>AUTHORITY</u></b>	<b>Original Budget 2007/08 £</b>	<b>Agreed Contributions 2007/08 £</b>	<b>Proposed Contributions 2008/09 £</b>
Surrey County Council	152,700	152,700	156,500
Guildford Borough Council	35,900	35,900	36,800
Runnymede Borough Council	17,300	8,000	17,700
Surrey Heath Borough Council	21,500	11,000	22,000
Woking Borough Council	52,700	52,700	54,000
Hampshire County Council	152,700	152,700	156,500
Hart District Council	66,000	20,000	67,700
Rushmoor Borough Council	47,400	47,400	48,600
<b>TOTAL</b>	<b><u>546,200</u></b>	<b><u>480,400</u></b>	<b><u>559,800</u></b>

Proposed contributions in 2008/09 increased by 2.5% on 2007/08 Original Budget.



## BASINGSTOKE CANAL JOINT MANAGEMENT COMMITTEE

## LICENCE FEES 2008/09

	<b>Cruising Fees 2007</b>	<b>3 Day Visitor</b>	<b>15 Day Visitor</b>	<b>Month Visitor</b>	<b>Annual</b>
Group 1 Unpowered single seat		-	-	£6.75	£15.50
Group 2 Unpowered multi seat		-	-	£9.30	£20.15
Group 3 Up to 4m (12ft)		£14.30	£27.45	£41.75	£68.50
Group 4 Up to 6.5m (20ft)		£17.75	£33.20	£50.85	£80.45
Group 5 Up to 9.5m (30ft)		£20.15	£38.85	£59.00	£96.25
Group 6 Up to 16m (50ft)		£26.45	£51.50	£77.90	£120.75
Group 7 Up to 21.7m (72ft)		£33.20	£66.40	£98.45	£159.90

Fees increased by 3% on 2007/08 figures, and rounded up to the nearest 5 pence.

All other fees to remain at current rates, namely:

- a) A 50% discount will continue for electric powered boats.
- b) Commercial Operators pay 4x the above rate.
- c) Mooring Fees (non BCA administered land) are at 75% of the Annual Cruising Fee.
- d) Bankside Canal Centre Mooring Fees remain at 5x the Cruising Fee.
- e) Charity Boats pay 25% of the Cruising Fee and Moorings are free.
- f) Special licences for events continue to be issued by the Canal Director at his discretion.