

Basingstoke Canal Joint Management Committee**18 April 2008****Update of Financial Position 2008/09****Report of the Honorary Treasurer**

Contact : Mike Walls Tel: 01962 847102 E-mail: mike.walls@hants.gov.uk

1 Introduction

- 1.1 At the Joint Management Committee (JMC) meeting held on 19 October 2007 members approved a net revenue budget for 2008/09 of £559,800. 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%.
- 1.2 This report updates the members on the likely levels of constituent authorities' contributions for 2008/09 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 ten years the shortfalls in revenue contributions have been gradually increasing, as shown in the table below.

Financial Year	Shortfall (£)	Shortfall (%)
1998/1999	12,487	2.8
1999/2000	49,000	10.9
2000/2001	52,800	11.5
2001/2002	49,045	10.5
2002/2003	41,796	8.8
2003/2004	47,400	9.7
2004/2005	57,400	11.4
2005/2006	60,300	11.7
2006/2007	63,300	11.9
2007/2008	65,800	12.0

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, seven of the eight partner authorities have responded to the funding requests for 2008/09, six of which (Guildford Borough Council, Woking Borough Council, Rushmoor Borough Council, Hart District Council, Surrey County Council and Hampshire County Council) are intending to contribute the full budget level subject to approval by their relative Councils.
- 2.3 It is particularly encouraging that Hart District Council have agreed to contribute the full amount in 2008/09 after many years of being unable to do so.
- 2.4 Runnymede Borough Council have said they will maintain their contribution at £8,000 (reduced to this figure in 2004/05, and not inflated since then). However, Runnymede have indicated that there could be an opportunity for them to fund specific initiatives or part projects that relate to that part of the Canal within or adjacent to Runnymede Borough Council.
- 2.5 Surrey Heath Borough Council have indicated that they are willing to consider the proposed SLA grant approach in 2008/09. Confirmation of their proposed figure is still awaited.
- 2.6 The contributions based on these figures are shown in Appendix A.
- 2.7 As a result, the shortfall in partner contributions for 2008/09 could be £20,700 (3.7%). While this is not as large as in previous years it is still significant, and the Director will again have to consider reductions in expenditure to remain within budget. This will be addressed before the start of the financial year. If the contribution from Surrey Heath Borough Council is less than expected, further reductions in the operational budget will be required.

3 Meeting the Shortfall in the 2008/09 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. An internal review of the staffing structure following a couple of staff retirements will realise some minor savings. 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 Every effort will be made to revise the budget to take account of the potential budget deficit without adversely affecting the daily operation of the canal. This may require a redirection of the appropriate earmarked reserves.

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 2008/09 to meet the shortfall in contributions from the partner authorities.
- 2 That Runnymede Borough Council and Surrey Heath Borough Council be encouraged to honour the requested scale contributions for 2008/09.

Appendix A

Local Authorities' Probable Revenue Contributions 2008/09

	2007/08 Original Request £	2007/08 Final Contributions £	2008/09 Original Request £	2008/09 Probable Contributions £	Notes
Surrey CC	152,700	152,700	156,500	156,500	1
Guildford BC	35,900	35,900	36,800	36,800	1
Runnymede BC	17,300	8,000	17,700	8,000	1
Surrey Heath BC	21,500	11,000	22,000	11,000	2
Woking BC	52,700	52,700	54,000	54,000	1
Hampshire CC	152,700	152,700	156,500	156,500	1
Hart DC	66,000	20,000	67,700	67,700	1
Rushmoor BC	47,400	47,400	48,600	48,600	1
Total	546,200	480,400	559,800	539,100	
Shortfall		65,800		20,700	
Shortfall %		12.0%		3.7%	

Notes

1. Confirmed contributions for 2008/09 (subject to full Council approval)
2. Surrey Heath BC have indicated that they are willing to consider the proposed SLA grant approach in 2008/09. Confirmation of the proposed figure is awaited. Contribution of £11k (as per the last five financial years) is taken as the worst case figure.