

Basingstoke Canal Joint Management Committee

8 April 2009

Update of Financial Position 2009/10

Report of the Honorary Treasurer

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1 Introduction

- 1.1 At the Joint Management Committee (JMC) meeting held on 17 October 2008 members approved a net revenue budget for 2009/10 of £573,800. 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 The JMC agreed to implement the new formula for partner contributions commencing in the 2009/10 financial year, as set out in Appendix A.
- 1.3 This report updates the members on the likely levels of constituent authorities' contributions for 2009/10 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 ten years to 2007/08 the shortfalls in revenue contributions had been gradually increasing to 12% (£65,800). In 2008/09 the shortfall fell to 4% (£22,000) due entirely to Hart District Council increasing their contribution by £46,000 to almost their full requested contribution. The cumulative effect of these shortfalls has been repeated calls on the reserves to supplement the maintenance work that is usually funded from the revenue budget.
- 2.2 It was hoped that the new formula, which has been discussed with the partner authorities, would bring a stability to the core funding for the Basingstoke Canal Authority.
- 2.3 To date, four of the eight partner authorities have confirmed that they will meet the full requested contribution for 2009/10 under the new formula. These four are Woking Borough Council, Rushmoor Borough Council, Surrey County Council and Hampshire County Council

- 2.4 Guildford Borough Council and Hart District Council have indicated that their contributions will be lower than the requested contributions by £4,125 and £3,773 respectively. Due to a no growth declaration they are unable to make up the difference this coming financial year.
- 2.5 Runnymede Borough Council and Surrey Heath Borough Council have fixed their contributions at £8,000 and £11,000 respectively which are £9,667 and £16,526 below the requested contributions. They will attempt to make up the difference under a SLA grant, which has yet to be finally agreed.
- 2.6 The figures in Appendix A are based on these figures, and show the breakdown between the cash contributions and the potential contributions under the SLAs.
- 2.7 As a result, the cash shortfall in partner contributions for 2009/10 is £34,092 (5.9%). Although some of the partners who cannot make the full contribution may make up the difference through a SLA agreement, the core activities of the Canal will be underfunded which means that - yet again - the Director may have to consider additional reductions in the budget. If this is the case, this will be addressed at the start of the new financial year.

3 Meeting the Shortfall in the 2009/10 Budget

- 3.1 Should any of the partners not make good their shortfall in contributions the budget will be balanced (as in previous years) by curtailing expenditure on equipment and materials, and restricting the maintenance programme to essential work. The staffing structure is being further reviewed but is not expected to yield significant 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.
- 3.2 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.

4 Recommendations

- 1 That Guildford Borough Council, Hart District Council, Surrey Heath Borough Council and Runnymede Borough Council be urged to make good the shortfall in their contributions and to implement the formula contributions for 2009/10.
- 2 That the Committee agree the Canal Director be authorised to take the necessary steps outlined in paragraph 3 to contain the net expenditure during 2009/10 to meet the potential shortfall in contributions from the partner authorities.

Appendix A

Local Authorities' Probable Revenue Contributions 2009/10

	2008/09 Final Contributions £	2009/10 Original Request £	2009/10 Proposed Contributions £	2009/10 Possible SLA £	Notes
Surrey CC	156,500	160,434	160,434	0	1
Guildford BC	36,800	40,925	36,800	0	1
Runnymede BC	8,000	17,667	8,000	9,667	2
Surrey Heath BC	11,000	27,526	11,000	16,526	2
Woking BC	54,000	55,796	55,796	0	1
Hampshire CC	156,500	160,434	160,434	0	1
Hart DC	66,000	66,773	63,000	0	1
Rushmoor BC	48,600	44,244	44,244	0	1
Total	537,400	573,800	539,708	26,193	
Shortfall			34,092		

Notes

1. Confirmed contributions for 2009/10 (subject to full Council approval)
2. Proposed contributions for 2009/10. Details of SLA yet to be agreed.