

Hampshire County Council

Basingstoke Canal Joint Management Committee

11 February 2011

Update of Financial Position 2010/11 and 2011/12

Report of the Honorary Treasurer

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1 Introduction

- 1.1 The current financial position of the Basingstoke Canal Authority as at the end of December is set out in Appendix A.
- 1.2 At the Joint Management Committee (JMC) meeting held on 22 October 2010 members deferred the approval of the revenue budget for 2011/12 because the situation at that time would have resulted in setting a negative budget (ie, a budget which would overdraw the reserves). Members did, however, agree to consider the proposed Partner contributions in light of the Government's Spending Review.
- 1.3 The budget for 2011/12 is set out in Appendix B.

2 The 2010/11 Position

- 2.1 The budget position is set out in Appendix A, and shows the Original Budget, the Revised Budget (which was amended to take account of the increase in staff costs and the reduction in Partner contributions), and the forecast outturn.
- 2.2 The forecast outturn is based on actual income and expenditure to the middle of January 2011. It assumes that all expenditure in the final quarter of the year will be kept to a minimum, and that there will be a modest increase in the income already received.
- 2.3 There is a forecast draw on reserves of £2,686, which will reduce the balance in reserves to £46,833.
- 2.4 The Director and his staff are still looking to reduce forecast expenditure even further and produce a positive return to the reserves, but this is proving difficult given the circumstances.

3 The 2011/12 Position

- 3.1 Appendix B shows how the budget for 2011/12 has evolved in the last few months. The Proposed Budget in column 3 is based on all the Partner authorities contributing the full requested amount as derived from the agreed formula. These contributions had already been reduced by 5.7% on the Original Budget for 2010/11, as explained at the October JMC. This budget returns a minimal surplus of £83.
- 3.2 To achieve this breakeven budget, the budget for site maintenance has been drastically reduced. The income targets are considered to be reasonable, and cannot be further increased. Any further reduction in the partner contributions will result in a draw on reserves which will reduce the reserve balance.
- 3.3 Shortfalls in the partner contributions over the last few years has resulted in restricting the revenue maintenance budget to essential repairs only, curtailing expenditure elsewhere, and drawing on the reserves in order to make ends meet. The balance in the general reserves are already at an unacceptably low level. Further calls on the reserves will impair the ability of the Canal team to respond to emergency situations.
- 3.4 The general reserve is intended to supplement the funding of routine maintenance and repairs. Although capital funding has been pledged by Hampshire County Council and Surrey County Council, this was secured as a result of the Condition Survey and cannot be used for routine maintenance and repairs.
- 3.5 The partners authorities have yet to formally respond to the level of requested contributions, due to their 2011/12 budgets not yet being approved. Representatives of the partners are reminded that the requested contributions have already been reduced by 5.7% on the 2010/11 original budget. Further reductions in the partner contributions will adversely affect the work of the Canal Director and his team.
- 3.6 The partners are urged, once more, to do all they can to ensure their full contributions are made, and that any additional capital funding for the development and improvement of the Canal is actively sought and secured.

4 Recommendations

- 1 That the members note the figures for the current financial year as set out in Appendix A.
- 2 That all partner authorities be urged to make their full contributions and to honour the agreed scale contributions for 2011/12 as set out in Appendix B.

	Original Budget 2010/11 £	Revised Budget 2010/11 £	Forecast Outturn 2010/11 £
<u>Expenditure</u>			
Employees	524,500	531,400	538,500
Premises and Infrastructure	86,800	79,300	64,400
Transport	84,200	69,500	67,000
Supplies & Services	45,200	39,200	42,000
Dredging	10,000	0	0
Total Revenue Expenditure	750,700	719,400	711,900
<u>Income</u>			
Boat Licences	19,500	19,500	18,100
Sales	4,000	5,900	6,400
Angling	11,000	11,000	11,700
Rents and Hire of Facilities	60,000	52,900	57,900
Group Activities	15,400	19,300	18,900
Fibre Optic Cable	49,300	49,300	49,300
Donations	10,600	100	100
Total Revenue Income	169,800	158,000	162,400
Contribution to/(from) Reserves	100	(14,586)	(2,686)
Net Revenue Expenditure	581,000	546,814	546,814
Partner Contributions			
Surrey County Council	162,448	162,448	162,448
Guildford Borough Council	41,438	36,800	36,800
Runnymede Borough Council	17,888	8,000	8,000
Surrey Heath Borough Council	27,871	10,000	10,000
Woking Borough Council	56,497	56,497	56,497
Hampshire County Council	162,448	162,448	162,448
Hart District Council	67,611	65,822	65,822
Rushmoor Borough Council	44,799	44,799	44,799
	581,000	546,814	546,814
General Reserves			
Opening Balance	48,719	48,719	48,719
Capital Expenditure	0	0	0
Capital Income	0	0	0
Sub total	48,719	48,719	48,719
Revenue Variance	100	(14,586)	(2,686)
Closing Balance	48,819	34,133	46,033

	Original Budget 2011/12 £	Amended Budget 2011/12 £	Proposed Budget 2011/12 £
<u>Expenditure</u>			
Employees	504,200	534,500	534,500
Premises and Infrastructure	106,100	106,100	81,500
Transport	60,000	60,000	60,000
Supplies & Services	39,400	39,400	38,600
Dredging	0	0	0
Total Revenue Expenditure	709,700	740,000	714,600
<u>Income</u>			
Boat Licences	19,500	19,500	19,500
Sales	6,100	6,100	6,100
Angling	11,000	11,000	11,000
Rents and Hire of Facilities	59,800	59,800	59,800
Group Activities	21,000	21,000	21,000
Fibre Optic Cable	49,300	49,300	49,300
Donations	100	100	100
Total Revenue Income	166,800	166,800	166,800
Contribution to/(from) Reserves	4,983	(25,317)	83
Net Revenue Expenditure	547,883	547,883	547,883
Partner Contributions			
Surrey County Council	153,188	153,188	153,188
Guildford Borough Council	39,076	39,076	39,076
Runnymede Borough Council	16,869	16,869	16,869
Surrey Heath Borough Council	26,283	26,283	26,283
Woking Borough Council	53,276	53,276	53,276
Hampshire County Council	153,188	153,188	153,188
Hart District Council	63,757	63,757	63,757
Rushmoor Borough Council	42,246	42,246	42,246
	547,883	547,883	547,883
General Reserves			
Opening Balance	34,133	34,133	34,133
Capital Expenditure	0	0	0
Capital Income	0	0	0
Sub total	34,133	34,133	34,133
Revenue Variance	4,983	(25,317)	83
Closing Balance	39,116	8,816	34,216