

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Basingstoke Canal Joint Management Committee
Date:	10 th February 2012
Title:	Current Financial Position and Projected Outturn 2011/12
Report From:	Report of The Honorary Treasurer

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1. Executive Summary

- 1.1. At the Joint Management Committee (JMC) meeting held on 14 October 2011 members approved the revised revenue budget for 2011/12.
- 1.2. This report compares the Basingstoke Canal Authority income and expenditure at 31 December 2011 with the 2011/12 revised budget and projects the final outturn for the accounts.
- 1.3. The current financial position of the Basingstoke Canal Authority compared to the revised budget, as at the end of December is set out in Appendix A.
- 1.4. The projections for the financial outturn for 2011/12 are also included in Appendix A
- 1.5. In 2011/12 the Basingstoke Canal is expected to make a surplus of £16,146 to be added to the reserves. This is £22,001 more than budgeted. Expenditure is projected to be £20,600 less than budget and the income budget to exceed the budget by £1,401. In summary the trading position is expected to be:

	£000's	
Income	674	Partners Contributions & Trading Income
Expenditure	<u>658</u>	
Surplus	<u>16</u>	

This is discussed in greater detail in section 3 of this report.

2. The Current Position

- 2.1. The current budget position is set out in Appendix A, and shows the revised budget, the current financial position and the forecast outturn for 2011/12.
- 2.2. The current position shows that most of the anticipated earned income has now been received, with rental income for the tea rooms still to be received. The annual income from Surrey County Council for the fibre optic cable also remains due.
- 2.3. The partner contributions have all been received in line with the revised budget.

3. 2011/12 Projected Outturn

- 3.1. The budget position is set out in Appendix A, and shows the revised budget, the current financial position and the forecast outturn.
- 3.2. The forecast outturn is based on actual income and expenditure to the 31 December 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.
- 3.3. There is a forecast contribution to the general reserves of £16,146, which will increase the reserves balance to £69,789.
- 3.4. The general reserve is held to fund additional cost associated with routine maintenance and repairs of the Canal.
- 3.5. The gross revenue expenditure budget has been set at £678,900. The anticipated outturn is £658,300 and includes the following variations:

* **Employees (-£6,400)**

Despite the cost of four redundancies, totalling £95,100, the employee costs for 2011/12 are expected to be underspent by £6,400 against the revised budget. The cost of overtime and enhancements to staff is projected to be lower than anticipated due to changes in premia payments and the reduction in staff available to perform the duties that incur these costs.

* **Premises and Canal Maintenance (-£17,000)**

The costs for premises is expected to be underspent by £17,000, despite some services costs overspending. Water charges are expected to exceed the budget by 17% mainly due to a major water leak at the Canal Centre, which has now been repaired. Refuse collection costs are also expected to exceed the budget.

The main underspend is to be achieved from site maintenance costs, where every effort has been made to keep to essential spend only and capital works have also assisted in keeping costs to a minimum.

* **Transport (+£200)**

Most transport cost have been kept within budget, except for a slight overspend in tools and equipment. Offsetting most of this increase is a projected underspend in staff travel as Canal vehicles are used where possible for essential business travel.

* **Supplies and Services (+£2,600)**

Expenditure on supplies and services continues to be tightly controlled, but these costs are projected to overspend by £2,600. The main areas of overspend are the costs associated with provisions for events, which in turn will have contributed to income and work on Farm Environmental Plans (FEP's). The cost of health and safety clothing has exceeded the budget, but this is offset by a reduction in the cost of operational equipment.

- 3.6. The gross revenue income budget has been set at £157,400. The anticipated outturn is £158,801 an increase of £1,401.

The modest increase in projected income is due to small increases in income from boat licenses, sales, rent and hire of facilities. Receipts of £18,760 for the annual Santa Cruises are included in this projection. This increase is partially offset by the underachievement of income on group activities and donations.

- 3.7. Although capital funding has been pledged by Hampshire County Council and Surrey County Council, this was secured as a result of the Principal Asset Condition Surveys and cannot be used for routine maintenance and repairs.
- 3.8. In summary, the current year's budget is very tight, but the management team are making every effort not to draw on the reserves.
- 3.9. 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 Capital Expenditure Programme

- 4.1 The current position on the main capital schemes is shown in Appendix B. The table includes the forecast costs and income for the year and the residual balances for each scheme.
- 4.2 The major capital expenditure 2011/12 has been incurred on repairing and maintaining the Canal, following the condition survey. Hampshire's funding of £872,000 for the Hampshire stretch of the canal is being managed by the Head of the Countryside Service. However the term contractor, who successfully tendered for the work, is being managed directly by Surrey County Council. Task order instructions for the work required are issued by the Canal Director to Surrey for completion. Surrey County Council will

recharge the Canal for all completed works, once the work has been signed off by the Head of Service and the Canal Director.

- 4.3 The capital funding pledged by Hampshire County Council and Surrey County Council, which was secured as a result of the Condition Survey, cannot be used for routine maintenance and repairs.
- 4.4 Capital works and special projects include
- * Works at Deepcut, lock 12 and 17.
 - * The TAG project has incurred costs to the value of £5,779. This work is funded by Rushmoor Borough Council

5 Reserves

- 5.1 The general reserves are expected to increase in 2011/12 by £16,146, to £69,789. A detailed breakdown of these reserves is in Appendix C.

6 Conclusion

- 6.1 This report shows that despite the current economic climate the finances of the Basingstoke Canal have produced a small surplus to be added to reserves. Income exceeded the budget whilst expenditure was tightly managed and resulted in a below budget outturn.
- 6.2 The Canal continues to maintain good standards, despite the current period of financial pressures which resulted in the recent redundancies and the pressure on the partners' budgets.
- 6.3 The new staffing structure is now in place and capital maintenance work on the Canal is underway and will be ongoing until March 2013.

Recommendations

- 1 That the members note the figures for the current financial position and forecast outturn 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 2012/13.

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FINANCIAL POSITION AT 31 DECEMBER 2011 AND PROJECTED OUTTURN

APPENDIX A

	Revised Budget 2011/12 £	As At 31st December 2011	Forecast Outturn 2011/12 £	Over/ (Under) Budget
<u>Expenditure</u>				
Employees	496,400	372,233	490,000	(6,400)
Premises and Canal Maintenance	83,400	71,870	66,400	(17,000)
Transport	60,200	36,251	60,400	200
Supplies & Services	38,900	22,178	41,500	2,600
Dredging	0	0	0	0
Total Revenue Expenditure	678,900	502,532	658,300	(20,600)
<u>Income</u>				
Boat Licences	18,400	17,485	18,700	300
Sales	5,600	6,476	6,500	900
Angling	11,000	5,741	11,000	0
Rents and Hire of Facilities	52,900	44,465	54,400	1,500
Group Activities	21,000	20,435	20,400	(600)
Fibre Optic Cable	48,400	14,180	47,801	(599)
Donations	100	0	0	(100)
Total Revenue Income	157,400	108,782	158,801	1,401
Contribution (to)/from Reserves	5,855	(121,895)	(16,146)	(22,001)
Net Revenue Expenditure	515,645	515,645	515,645	0
Partner Contributions				
Surrey County Council	153,188	153,188	153,188	
Guildford Borough Council	34,960	34,960	34,960	
Runnymede Borough Council	8,000	8,000	8,000	
Surrey Heath Borough Council	10,000	10,000	10,000	
Woking Borough Council	53,276	53,276	53,276	
Hampshire County Council	153,188	153,188	153,188	
Hart District Council	30,000	30,000	30,000	
Crookham Village Parish Council	3,048	3,048	3,048	
Church Crookham Parish Council	6,750	6,750	6,750	
Dogmersfield Parish Council	240	240	240	
Fleet Town Council	18,309	18,309	18,309	
Odiham Parish Council	4,036	4,036	4,036	
Rotherwick Parish Council	200	200	200	
Winchfield Parish Council	250	250	250	
Rushmoor Borough Council	40,200	40,200	40,200	
	515,645	515,645	515,645	
General Reserves				
Opening Balance	53,643	53,643	53,643	
Capital Expenditure	0	0	0	
Capital Income	0	0	0	
Sub total	53,643	53,643	53,643	
Revenue Variance	(5,855)	121,895	16,146	
Closing Balance	47,788	175,538	69,789	

Basingstoke Canal - Capital & Special Projects Reconciliation.

	Capital Schemes			Special Projects			Total
	Surrey County Council	Hampshire County Council	Total	Rushmoor TAG Project	Odiham Castle Scheme	HLS Rural Path Agency	
	£'s	£'s	£'s	£'s	£'s	£'s	£'s
Balance as at 31st March 2011	(140,695)	98,104	(42,591)	(40,000)	(2,500)	0	(42,500)
Budget	(758,000)	(872,000)	(1,630,000)	0	0	0	0
Expenditure				5,780	0	0	5,780
Lock Gate Replacement	130,000	0	130,000				
Tree Clearance	53,000	0	53,000				
Lock Wing Wall and Bye-Wash Repairs	140,000	0	140,000				
Bank Protection	0	60,000	60,000				
Consultancy	0	10,000	10,000				
Income	0	0	0	0	(100)	(715)	(815)
Balance as at 31st March 2012	(575,695)	(703,896)	(1,279,591)	(34,220)	(2,600)	(715)	(37,535)

Basingstoke Canal Reserves 2011/12

	Unallocated Reserve	Mooring Basin & Canal Centre	Colt Hill Toilet Block & Car Park	Dredging & Silt Disposal	Canal Infrast'ure	Waterways Trust Fund	General Reserves Total
	£	£	£	£	£	£	£
Balance as at 31st March 2011	(4,924)	(22,888)	(1,753)	(24,078)	0	0	(53,643)
Expenditure	0	0	0	0	0	0	0
Income	0	0	0	0	0	0	0
Reserve Transfers	4,924	0	0	0	(4,924)	0	0
Plus Estimated Net Surplus For The Year	(16,146)	0	0	0	0	0	(16,146)
Balance as at 31st March 2012	(16,146)	(22,888)	(1,753)	(24,077)	(4,924)	0	(69,789)