

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Basingstoke Canal Joint Management Committee
Date:	21st June 2012
Title:	Financial Outturn 2011/12 & Financial Position 2012/13
Reference:	
Report From:	Report of The Honorary Treasurer

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1. Executive Summary

- 1.1. The purpose of this report is to brief members on the financial outturn of the Basingstoke Canal Authority for 2011/12.
- 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 the Joint Management Committee. Capital expenditure is met from the reserve account which was established to hold revenue balances and capital contributions.
- 1.3. In 2011/12 the Basingstoke Canal has achieved a surplus of £42,783 to be added to the reserves. In summary the trading position is expected to be:

	£000's	
Income	679	Partners Contributions & Trading Income
Expenditure	<u>636</u>	
Surplus	<u>43</u>	

2. Final Accounts 2011/12

The 2011/12 financial statement set out in Appendix A shows a net transfer to reserves of £42,783. Operating income exceeded the budget by £5,658 in areas such as camping, the shop and boating. Partner contributions were received at the revised budget level and expenditure was under budget by £42,893, mainly due to efficiencies with secondary maintenance. The outturn is £48,638 better than budget, turning the anticipated £5,855 draw on reserves into a contribution of £42,783. This is an increase of

£26,637 on the projected contribution of £16,146 as at December 2011 (reported in February 2012).

- 2.1. The gross revenue expenditure of £636,007 is 6.3% (£42,893) less than planned for in the revised budget, with close control of spending every area of expenditure is within budget. The reasons for this are detailed below

* **Employees (-£3,781)**

The final outturn position shows an underspend on employee costs for 2011/12 of £3,781 against a budget of £496,400. The cost of redundancies made up £1,347 of this with training resulting in an underspend of £2,937. These were partially offset by a small overspend in temporary staff costs.

* **Premises and Canal Maintenance (-£28,966)**

The premises budget achieved savings of £28,966, this is mainly within the area of site maintenance. Only essential spend was incurred in this budget area and the capital works undertaken in recent years have also assisted in keeping these costs to a minimum. Utility costs remain relatively close to budgeted levels.

* **Transport (-£3,800)**

The main savings on transport costs have been for hire of vehicles, some £6,320. This has occurred as a result of less vehicles being required following the staff reductions earlier in the year. The savings have been offset by a necessary overspend in repairs and maintenance of fleet vehicles which included the cost of an exchanged vehicle which required modification.

* **Supplies and Services (-£6,346)**

Expenditure on supplies and services continues to be tightly controlled, resulting in savings against the budget of £6,346. The main areas of efficiencies are IT charges (£3,392), telephone charges (£1,214) and printing/office expenses (£1,150).

- 2.2. The current position shows that all earned income has now been received or accrued for within the accounts. Accruals have been raised for fibre optic rent, tea room rent and garden licences to Surrey County Council. A further accrual has been raised to the Rural Payments Agency for the HLS scheme.

- 2.3. The partner contributions for 2011/12 have all been received in line with the revised budget.

3. Financial Position 2012/13

- 3.1. The 2012/13 current financial position is set out in Appendix B, which shows a budgeted net surplus of £65,783. However, the projected contribution to reserves at this early stage in the financial year is £63,645. This reduction is due to the anticipated reductions in partners contributions

partially offset by an increase in donations. The budget will be revised for these changes in the Autumn.

- 3.2. As the report has been prepared at an early stage of the financial year, some of the actual income figures are showing in the accounts as negative, this is due to the uncleared accruals from 2011/12.
- 3.3. Included within the donations figure is a donation of £30,105.24 received from the estate of the late Mrs Shirley Anne Trott as a bequest to the canal of her last will and testament.
- 3.4. Contributions from local authorities relating to 2012/13 have yet to be received. We have written confirmation from Surrey Heath to say that they will contribute £10,000, paid in two instalments six months apart subject to a satisfactory progress report from the BCA on expenditure on the canal within the Borough.
- 3.5. Appendix E shows the partner contributions made over the last 5 years compared with the amounts budgeted for each year based on the Memorandum of Understanding funding contributions formula. The analysis shows that as a result of some partner contributions being below the budgeted amounts, the Authority has received £152,128 less in partner contributions than budgeted over the last 5 years

4 Capital Expenditure Programme

- 4.1 The current position on the main capital schemes is shown in Appendix C. The table includes the draft outturn of costs and income for the year and the residual balances for each scheme.
- 4.2 Capital funding has been secured by Hampshire County Council (£872,000) and Surrey County Council (£758,000), as a result of the Principal Asset Condition Surveys. This funding cannot be used for routine maintenance and repairs.
- 4.3 All partners are urged to seek and secure any available additional capital funding for the development and improvement of the Canal.
- 4.4 The major capital expenditure in 2011/12 has been incurred on repairing and maintaining the Canal, following the condition survey. The contract for the capital works on both the Hampshire and Surrey stretch of the Canal is being managed directly by Surrey County Council, in liaison with BCA and principal officers.
- 4.5 Capital works and special projects to date include
 - **Major priority repairs on the Deepcut Locks**
 - **Soft Bank protection in Woking**
 - **Lock Gate replacement programme**
 - **Culvert surveys and repairs**

- The Rushmoor Borough Council and TAG Community Grant Scheme project has so far incurred costs to the value of £13,410.00 and the refurbishment of towpaths in the Borough continue.
- A special payment from a local business Steljes in the Surrey Heath Borough has so far incurred costs to the value of £8,614.00, which has enabled recent priority bank protection and towpath repairs to progress on the Mytchett to Frimley stretch of the Canal.
- Expenditure of £3,430 on the HLS special project was incurred for consultancy field walking and preparation of the draft Farm Environment Plan for application into the Higher Level Scheme.

5 Reserves

- 5.1 In line with the Canal Directors recommendation reported at the last JMC, the general reserves are expected to increase in 2011/12 by £42,783, to £96,426. A detailed breakdown of these reserves is in Appendix D.
- 5.2 There was no expenditure in the general reserves during the year.
- 5.3 The revenue surplus will be transferred into the unallocated reserve for redistribution in 2012/13.
- 5.4 The budgeted transfer to reserves in 2012/13 is £63,645. If this is achieved it would result in a total reserve balance of £160,071 at 31 March 2013. This level of reserves at 25% of annual expenditure is broadly in line with the suggested minimum to be held for the long term financial stability of a body of this size.

6 Conclusion

- 6.1 This report indicates that despite current and ongoing challenges, Basingstoke Canal has produced a 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, through the current period of financial pressures following the implementation of the new staffing structure. The constraints on the partners' budgets continue to be an ongoing pressure for the Basingstoke Canal finances.
- 6.3 Capital funded and programmed maintenance on the Canal is now well underway and will be ongoing until March 2013.

Recommendations

- 1 That the members endorse the figures for the 2011/12 final 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.

BASINGSTOKE CANAL

APPENDIX A

FINANCIAL OUTTURN 2011/12

	Original Budget 2011/12 £	Revised Budget 2011/12 £	Final Outturn 2011/12 £	Over/ (Under) Budget £
<u>Expenditure</u>				
Employees	534,500	496,400	492,619	(3,781)
Premises and Canal Maintenance	81,500	83,400	54,434	(28,966)
Transport	60,000	60,200	56,400	(3,800)
Supplies & Services	38,600	38,900	32,554	(6,346)
Dredging	0	0	0	0
Total Revenue Expenditure	714,600	678,900	636,007	(42,893)
<u>Income</u>				
Boat Licences	19,500	18,400	20,106	1,706
Sales	6,100	5,600	6,849	1,249
Angling	11,000	11,000	11,217	217
Rents and Hire of Facilities	59,800	52,900	56,999	4,099
Group Activities	21,000	21,000	20,138	(862)
Fibre Optic Cable	49,300	48,400	47,801	(599)
Donations	100	100	18	(82)
Interest	0	0	17	17
Total Revenue Income	166,800	157,400	163,145	5,745
Contribution (to)/from Reserves	83	5,855	(42,783)	(48,638)
Net Revenue Expenditure	547,883	515,645	515,645	0
Partner Contributions				
Surrey County Council	153,188	153,188	153,188	
Guildford Borough Council	39,076	34,960	34,960	
Runnymede Borough Council	16,869	8,000	8,000	
Surrey Heath Borough Council	26,283	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	30,924	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	42,246	40,200	40,200	
	547,883	515,645	515,645	
General Reserves				
Opening Balance	34,133	53,643	53,643	
Capital Expenditure	0	0	0	
Capital Income	0	0	0	
Sub total	34,133	53,643	53,643	
Revenue Variance	83	(5,855)	42,783	
Closing Balance	34,216	47,788	96,426	

BASINGSTOKE CANAL

APPENDIX B

FINANCIAL POSITION 2012/13

	Original Budget 2012/13 £	Actuals to 23/05/2012 2012/13 £	Projected Outturn 2012/13 £
<u>Expenditure</u>			
Employees	357,100	6,689	357,100
Premises and Infrastructure	164,900	36,088	164,900
Transport	51,400	1,811	51,400
Supplies & Services	38,600	1,809	38,600
Dredging	30,000	0	30,000
Total Revenue Expenditure	642,000	46,397	642,000
<u>Income</u>			
Boat Licences	19,500	1,907	19,500
Sales	6,100	8	6,100
Angling	11,000	33	11,000
Rents and Hire of Facilities	53,800	2,223	53,800
Group Activities	21,000	438	21,000
Fibre Optic Cable	48,400	(28,894)	48,400
Donations	100	30,171	30,200
Total Revenue Income	159,900	5,887	190,000
Contribution to/(from) Reserves	65,783	42,948	63,645
Net Revenue Expenditure	547,883	83,458	515,645
Partner Contributions			
Surrey County Council	153,188	0	153,188
Guildford Borough Council	39,076	34,960	34,960
Runnymede Borough Council	16,869	0	8,000
Surrey Heath Borough Council	26,283	5,000	10,000 *
Woking Borough Council	53,276	0	53,276
Hampshire County Council	153,188	0	153,188 *vc
Hart District Council	30,924	0	30,000
Crookham Village Parish Council	3,048	3,048	3,048
Church Crookham Parish Council	6,750	0	6,750
Dogmersfield Parish Council	240	0	240
Fleet Town Council	18,309	0	18,309
Odiham Parish Council	4,036	0	4,036
Rotherwick Parish Council	200	0	200
Winchfield Parish Council	250	250	250
Rushmoor Borough Council	42,246	40,200	40,200
	547,883	83,458	515,645
General Reserves			
Opening Balance	139,374	96,426	96,426
Capital Expenditure	0	0	0
Capital Income	0	0	0
Sub total	139,374	96,426	96,426
Revenue Variance	65,783	42,948	63,645
Closing Balance	205,157	139,374	160,071

*vc - Contributions that have been verbally confirmed

*wc - Contributions that have been confirmed in writing

* To be paid in two instalments

Basingstoke Canal - Capital & Special Projects Reconciliation.

APPENDIX C

	Surrey County Council	Hampshire County Council	Total	Rushmoor TAG Project	Odiham Castle Scheme	HLS Rural Payments Agency	Mytchett to Frimley Towpath scheme	Total
	£	£	£	£	£	£	£	£
Balance as at 31st March 2011	(619,000)	(773,896)	(1,392,896)	(40,000)	(2,500)	0	0	(42,500)
Expenditure *	307,140	87,574	394,714	13,410	0	3,430	0	16,840
Lock Gate Replacement	42,350	0	42,350					0
Tree Clearance	0	0	0					0
Lock Wing Wall and Bye-Wash Repairs	0	0	0					0
Bank Protection	0	113,997	113,997					0
Consultancy	0	10,000	10,000					0
Jackhead programme	5,382	0	5,382					0
Return of capital receipts	0	0	0					0
Income	0	0	0	0	(100)	(715)	0	(815)
Balance as at 31st March 2012	(264,128)	(562,325)	(826,453)	(26,590)	(2,600)	2,715	(16,386)	(42,861)
Unallocated Planned Expenditure *	9,000	539,331	548,331	26,590	0	0	16,386	42,976
Lock Gate Replacement	11,238	0	11,238	0	0	0	0	0
Tree Clearance	1,000	0	1,000	0	0	94,000	0	94,000
Lock Wing Wall and Bye-Wash Repairs	0	0	0	0	0	0	0	0
Soft Bank Protection	131,000	0	131,000	0	0	0	0	0
Monitoring Equipment	30,000	0	30,000	0	0	0	0	0
Fencing	0	935	935	0	0	0	0	0
Lock Wing Walls	41,000	0	41,000	0	0	0	0	0
Culvert Repairs	10,000	0	10,000	0	0	0	0	0
Chainage Marker	15,000	0	15,000	0	0	0	0	0
Vegetation clearance	10,000	0	10,000	0	0	0	0	0
Jackhead programme	5,890	0	5,890	0	0	2,519	0	2,519
Income	0	0	0	0	0	(117,337)	0	(117,337)
Balance as at 31st March 2013	(0)	(22,059)	(22,060)	0	(2,600)	(18,103)	0	(20,702)

* Detailed breakdown of expenditure not provided by date of publication

Basingstoke Canal Reserves 2011/12

APPENDIX D

	Unallocated Reserve	Mooring Basin & Canal Centre	Colt Hill Toilet Block & Car Park	Dredging & Silt Disposal	Canal Infrast'ure	General Reserves Total
	£	£	£	£	£	£
Balance as at 31st March 2011	(4,924)	(22,888)	(1,753)	(24,078)	0	(53,643)
Expenditure	0	0	0	0	0	0
Income	0	0	0	0	0	0
Reserve Transfers	4,924	0	0	0	(4,924)	0
Plus Estimated Net Surplus For The Year	(42,783)	0	0	0	0	(42,783)
Balance as at 31st March 2012	(42,783)	(22,888)	(1,753)	(24,078)	(4,924)	(96,426)
Expenditure	0	0	0	0	0	0
Income	0	0	0	0	0	0
Reserve Transfers	0	0	0	0	0	0
Plus Estimated Net Surplus For The Year	(63,645)	0	0	0	0	(63,645)
Balance as at 31st March 2013	(106,428)	(22,888)	(1,753)	(24,078)	(4,924)	(160,071)

Basingstoke Canal Partnership Contributions - 2008 to 2012

% Increase	2008/09			2009/10			2010/11			2011/12			2012/13			2008 - 2012		
	0.00%			2.50%			1.25%			-5.70%			0.00%			0.00%		
	Budget £	Actual £	Variance £	Budget £	Actual £	Variance £	Budget £	Actual £	Variance £	Budget £	Actual £	Variance £	Budget £	Actual £	Variance £	Budget £	Actual £	Variance £
Guildford BC	36,800	36,800	0	40,925	36,800	4,125	41,438	36,800	4,638	39,076	34,960	4,116	39,076	34,960	4,116	197,315	180,320	16,995
Runnymede BC	17,700	8,000	9,700	17,667	8,000	9,667	17,888	8,000	9,888	16,869	8,000	8,869	16,869	8,000	8,869	86,993	40,000	46,993
Surrey Heath BC	22,000	11,000	11,000	27,526	11,000	16,526	27,871	10,000	17,871	26,282	10,000	16,282	26,282	10,000	16,282	129,961	52,000	77,961
Woking BC	54,000	54,000	0	55,796	55,796	0	56,497	56,497	0	53,276	53,276	0	53,276	53,276	0	272,845	272,845	0
Hart District	67,700	66,000	1,700	66,773	66,024	749	67,611	65,822	1,789	63,757	62,833	924	63,757	62,833	924	329,599	323,512	6,087
Rushmoor BC	48,600	48,600	0	44,244	44,244	0	44,799	44,799	0	42,246	40,200	2,046	42,246	40,200	2,046	222,136	218,043	4,093
Hampshire County Council	156,500	156,500	0	160,434	160,434	0	162,448	162,448	0	153,188	153,188	0	153,188	153,188	0	785,758	785,758	0
Surrey County Council	156,500	156,500	0	160,434	160,434	0	162,448	162,448	0	153,188	153,188	0	153,188	153,188	0	785,758	785,758	0
	559,800	537,400	22,400	573,800	542,732	31,068	581,000	546,814	34,186	547,882	515,645	32,237	547,882	515,645	32,237	2,810,364	2,658,236	152,128
				543,905			546,814			515,645								
Hart DC										30,924	30,000	924	30,924	30,000	924	61,848	60,000	1,848
Crookham Village Parish Council										3,048	3,048	0	3,048	3,048	0	6,096	6,096	0
Church Crookham Parish Council										6,750	6,750	0	6,750	6,750	0	13,500	13,500	0
Dogmersfield parish Council										240	240	0	240	240	0	480	480	0
Fleet Town Council										18,309	18,309	0	18,309	18,309	0	36,618	36,618	0
Odiham Parish Council										4,036	4,036	0	4,036	4,036	0	8,072	8,072	0
Rotherwick Parish Council										200	200	0	200	200	0	400	400	0
Winchfield Parish Council										250	250	0	250	250	0	500	500	0
South Warnborough Parish Council										0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	63,757	62,833	924	63,757	62,833	924	127,514	125,666	1,848

No confirmation or funds received.
Verbal confirmation received