

MINUTES of the meeting of the **BASINGSTOKE CANAL JOINT MANAGEMENT COMMITTEE** held at Mytchett Canal Centre, Mytchett Place Road, Mytchett, Surrey, GU16 6DD on 20 November 2023.

These minutes are subject to confirmation by the Committee at its next meeting.

MEMBERS

Hampshire County Council

Councillor Jonathan Glen
Councillor Rod Cooper
Councillor Stephen Parker
Councillor Timothy Davies

Surrey County Council

Councillor Marisa Heath
Councillor Riasat Khan
Councillor Paul Deach
Councillor Saj Hussain

Hart District Council

Councillor Tim Southern
Councillor Peter Wildsmith

Rushmoor Borough Council

Councillor Akmal Gani
Councillor Paul Taylor

Fleet Town Council

Councillor Ellie Ann May

Guildford Borough Council

Councillor Richard Lucas

Runnymede Borough Council

Councillor Scott Lewis

Surrey Heath Borough Council

David Whitcroft

Woking Borough Council

Councillor Kevin Davis
Councillor Rob Leach

Special Interest Groups

Basingstoke Canal Society

Mr Ian Moore/Mr John Turner

Hart District Association of Parish Councils

Councillor David Jackson

Basingstoke and Deane Borough Council

Councillor Kate Tuck

Natural England

Mr Adam Bates

Inland Waterways Association

Mrs Verna Smith

Basingstoke Canal Canoe Club

Mr Bill Hansell

Galleon Marine

Mr Arthur McCaffrey

1123 APOLOGIES FOR ABSENCE [Item 1]

Apologies were received from Akmal Gani, Bill Hansell, John Turner, Adam Bates, Riasat Khan, Peter Wildsmith and Paul Taylor.

Celia Griffiths acted as a substitute for John Turner.

1223 MINUTES OF PREVIOUS MEETING: 7 JUNE 2023 [Item 2]

The minutes were agreed as an accurate record of the meeting.

1323 DECLARATIONS OF INTEREST [Item 3]

Richard Lucas declared an interest that he was a member of the Basingstoke Canal Canoe Club.

1423 QUESTIONS AND PETITIONS [Item 4]

One Member question was submitted by Ellie Ann May. The question and response were published within the meeting agenda.

Ellie Ann May thanked the Chairman for the response and did not ask a supplementary question.

1523 ACTIONS AND FORWARD WORK PROGRAMME [Item 5]

Key points raised during the discussion:

1. The Chairman introduced the item.
2. The Strategic Manager – Basingstoke Canal stated that there were no further updates to note and highlighted that Item 10 of the agenda would likely impact all items on the Action Tracker.

Resolved:

The Joint Management Committee (JMC) agreed the action tracker and Forward Work Programme.

1623 BASINGSTOKE CANAL SOCIETY (BCS) REPORT TO JOINT MANAGEMENT COMMITTEE [Item 6]

Officers:

Ian Moore, Basingstoke Canal Society

Key points raised during the discussion:

1. The representative from the Basingstoke Canal Society introduced the report and provided a brief summary. Members noted:
 - a. Thanks to officers from Surrey County Council for helping to gain access to a grant of £75,000 from Your Fund Surrey which would be put toward a new electric trip boat in Woking.
 - b. That the Basingstoke Canal Society would contribute £6,000 to the Basingstoke Canal Authority's (BCA) training budget.
 - c. That 20 Corporate Volunteer teams had delivered over 1,300 hours of labour into supporting the Basingstoke Canal.

- d. That an oil spill had delayed the start of the season however the Society were reimbursed over £1,300 by loss adjusters for lost revenue.
2. The Chairman thanked the Basingstoke Canal Society for their work and said that he was pleased to see that the Society's campaign objectives were to raise major funds to support agreed projects, to work with councils to ensure they realise the benefits to their council tax payers and actively support the canal, and to raise awareness in the local community of the risks and need to support the canal through donations and membership.
3. A Member thanked the Society for their work to maintain the foliage on towpaths on the Canal.
4. Members noted the history and issues associated with the floating pennywort plant on the Basingstoke Canal and the negative impacts towards conservation.

Resolved:

The Joint Management Committee noted the report.

1723 CANAL MANAGEMENT REPORT [Item 7]

Officers:

James Taylor – Strategic Manager – Basingstoke Canal

Key points raised during the discussion:

1. The officer introduced the report and provided a brief summary.
Members noted that:
 - a. Length Inspections, Supplementary Inspections and Reservoir Surveillance Inspections had all been carried out as planned.
 - b. That a break in at Ash Lock Depot had resulted in the loss of £12,000 worth of tools.
 - c. That Rangers worked with the Environment Agency and volunteers to clear and isolated outbreak of the highly invasive Floating Pennywort in Fleet.
 - d. That the Canal Operations Manager left the role in July 2023 and despite a recruitment exercise a replacement had not yet been found.
 - e. That the Santa Cruise event tickets went on sale on 25 September and all 164 trips were sold out in two days.
 - f. That Rosebud public trips sales had been very strong.
 - g. That the results of a dragonfly and damselfly survey had shown that there were 29 species using the canal which was two more than the previous survey. The surveyor had also observed that there were two nationally rare species using the canal, and that the assemblage was "outstanding" and of "national importance".
 - h. That in the financial year to date 10,565 hours have been logged by volunteers.
 - i. Noted detail related to the Mytchett Lake Reservoir 10-year assessment as outlined in the report.
 - j. Noted that works towards the Deepcut Towpath Improvement were ongoing.

- k. That the first of three new sluices had been successfully installed.
2. Officers noted that a leak had been found at the Aqueduct over the River Whitewater and that contractors were on site to resolve the issue.
3. Officers highlighted the vulnerability of pollution from the Canal from road drainage in Woking and confirmed that contact had been made with loss adjusters however a figure for losses had not yet been agreed. It was further noted that officers from Woking Borough Council and the Environment Agency were aware of the issues.
4. A Member gave their thanks to the volunteers who had given their time to support the Basingstoke Canal.
5. A Member requested that the results of the dragonfly survey be circulated to members of the Conservation Steering Group which was agreed. Further to this, Members agreed that it was important to communicate the successful dragonfly survey through the appropriate channels to publicise the good news.
6. A Member stated that it was important that the Basingstoke Canal Society and its Biodiversity Team contribute to the work of the Hampshire Local Nature Recovery Strategy. Officers confirmed that there would be opportunities for stakeholders to be involved with conservation workshops going forward.

Actions / Further information to be provided:

That the results of the dragonfly survey be circulated to members of the Conservation Steering Group

Resolved:

The Joint Management Committee noted the report.

1823 BCA RISK REGISTER [Item 8]

Officers:

James Taylor – Strategic Manager – Basingstoke Canal

Key points raised during the discussion:

1. The officer introduced the report and provided a brief summary. Members noted that:
 - a. The highest risks were associated with partnership finance and the withdrawal of partner funding and rising costs leading to an unsustainable financial position.
 - b. That the business case to grow income into the Basingstoke Canal was looking increasingly impossible without investment.
 - c. That the Invasive the Invasive Alien Species (Enforcement and Permitting) Order 2019 had made trapping the North American Signal Crayfish increasingly difficult as it prevented the transport of the crayfish alive and prevented trapping and therefore increasing risk to Canal infrastructure.
 - d. Noted the increased risk around staffing.

2. In regard to issues related to the Invasive Alien Species (Enforcement and Permitting) Order 2019, officers highlighted that, before the order was put in place, a Trapper had removed seven tonnes of North American Signal Crayfish which showed that there was a significant population within the canal resulting in the damaging of infrastructure. The Joint Management Committee raised significant concern with the impact of the Invasive Alien Species (Enforcement and Permitting) Order 2019 on the removal of crayfish and agreed to write to Natural England to highlight members' concerns.

Actions / Further information to be provided:

To write to Natural England to highlight concerns related to the negative impact of the Invasive Alien Species (Enforcement and Permitting) Order 2019 on the increasing population of the North American Signal Crayfish leading to damaged infrastructure

Resolved:

The Joint Management Committee noted the report.

The Joint Management Committee agreed to write to Natural England to highlight concerns related to the negative impact of the Non-Native Species Order 2019 on the increasing population of the North American Signal Crayfish leading to damaged infrastructure

1923 SCHEME OF CHARGES 2024/25 [Item 9]

Officers:

James Taylor – Strategic Manager – Basingstoke Canal

Key points raised during the discussion:

1. The Strategic Manager – Basingstoke Canal explained that the existing scheme of charges had been reviewed and adjustments made either in line with inflation or by considering local market forces. A new visiting boat licence charge was proposed to attract live-aboard boaters continuously cruising on other waterways in need of a winter mooring. Members noted that the proposed charges were set out within the report.
2. A Member agreed that the new boat licence charge would be attractive to live-aboard boaters continuously cruising and said that it was important to market the opportunity appropriately. Officers confirmed that eight spaces were available and that there could be an opportunity to invest in further moorings in the event that the licences were successful.

Resolved:

The JMC approved the scheme of charges for 2024/25 and approved the BCA officers to offer 6-month winter visitor licences for vessels registered with other waterways with immediate effect.

2023 FORECAST OUTTURN 2023/24, FORWARD BUDGET 2024/25 [Item 10]

Officers:

Jenny Wadham, Honorary Treasurer

Key points raised during the discussion:

1. The Honorary Treasurer introduced the report and provided a brief summary. Members noted:
 - a. That the figures were based on the operating model as is and so was separate from the proposals highlighted within the report at Item 10.
 - b. That the revised budget for the 2023/24 financial year was presented for approval to reflect extra works agreed for 2023/24 at the previous Board meeting on 7 June and that this increased the budgeted draw from reserves for 2023/24 from £nil to £99,000. The forecast outturn for the year to 31 March 2024 was now a £192,000 draw on reserves, £93,000 higher than the revised budget draw.
 - c. That partner contributions were forecast at £427,000 which was £53,000 below the budgeted £480,000 as a result of Woking Borough Council being unable to pay their planned contributions following the Section 114 notice.
 - d. That income was forecast to be £706,000 which was £93,000 below the budgeted £799,000 primarily due to lost partner funding and the cold and wet weather over summer reducing demand for all the Canal's facilities.
 - e. Expenditure was forecast to be on budget however there was increased spend on tree works.
 - f. That due to increasing pressures on both expenditure and income the proposed Forward Budget had a draw on reserves of £140,000.
 - g. That largely due to inflationary pressures on pay and non-pay costs, no inflationary increases to Partner contributions for several years had represented a real term cut.
 - h. The budgeted spend on Canal Maintenance had been reduced by £25,000 to £127,000, which is also considerably less than the £195,000 spend forecast for 2023/24.
 - i. That the unallocated reserve was originally budgeted to reduce by £99,000 to £510,037 by 31 March 2024, however with the worsened financial position, but allowing for interest receivable, the balance was now projected to decrease to £435,487. This equated to under six months budgeted expenditure, just over three months after factoring in the £200,000 minimum unallocated reserve balance.
 - j. That the current funding model was not sustainable over the long term.
2. A Member asked for detail on what the outcome would be in the event that the reserves were exhausted. Officers explained that the two authorities would likely need to only carry out their statutory duties and that more details would be provided within the next item.

Resolved:

The JMC noted the forecast outturn for the 2023/24 financial year.

The Committee approved the forward budget for the 2024/25 financial year.

2123 BASINGSTOKE CANAL FUTURES [Item 11]**Officers:**

Jo Heath, Assistant Director Recreation, Information and Business Services (HCC)

Katie McDonald, Natural Capital Group Manager (SCC)

Key points raised during the discussion:

1. Officers introduced the report and stated that the report set out the work that had been undertaken to consider options for how a more sustainable financial future for the Canal could be delivered, with associated risks and implications. Members were provided with a PowerPoint presentation which is attached to these minutes as Appendix 1. Following the presentation, JMC members were invited to feedback on proposals. The decision to introduce proposed changes would then be made via Executive Member decisions at the respective landowning authorities.
2. The Chairman thanked officers for a clear and honest appraisal of the current situation.
3. A Member gave their thanks to all the authorities within the partnership for their contributions to the Basingstoke Canal over previous years. The Member added that it was important to choose an option that was sustainable and allowed the Basingstoke Canal to continue to have a positive impact on residents going forward. The Assistant Director Recreation, Information and Business Services stated that the exercise to consider future options was important as it had brought the attention of the senior leaders within the two landowning authorities to what the statutory minimum duties were and the finances needed to support it.
4. A Member gave their thanks to officers within the Basingstoke Canal Authority, Surrey County Council and Hampshire County Council for efforts to support the canal through the years and said that the main priority should be to continue the service that the Basingstoke Canal provided. The Member suggested that officers within the Basingstoke Canal Authority contact officers within Woking Borough Council as they could share their experience with understanding statutory duties and building relationships with external providers.
5. A Member said that he believed that there was an opportunity for Surrey Heath Borough Council to become more involved with the work of the Basingstoke Canal Authority and that there was especially an opportunity to build a strong relationship between the Canal Centre and Frimley Lodge Park. The Member further added that he welcomed Surrey County Council's recognition of the community value of the Basingstoke Canal and the important services provided by the Canal Centre. The Chairman asked that the representative from Surrey Heath Borough Council pass the comments made to their senior leaders within the authority.

6. Officers highlighted that all JMC members were invited to provide comment on the proposed changes by 30th January 2024 via the dedicated inbox: JMC.Feedback@surreycc.gov.uk.
7. The Assistant Director Recreation, Information and Business Services stated that the proposals provided were believed to be the statutory minimum and were not intended to be an interim measure.
8. The representative from the Basingstoke Canal Society thanked officers for their work towards the proposals.
9. A Member asked whether consideration had been put into extending the use of the caravan sites or other commercial opportunities such as advertising and crowdfunding. The Natural Capital Group Manager explained that commercial opportunities were important and should be considered and were being discussed with the Basingstoke Canal Society.

Resolved:

The JMC members were invited to feedback on proposals.

It was noted that the decision to introduce proposed changes would then be made via Executive Member decisions at the respective landowning authorities.

2223 DATE OF THE NEXT MEETING [Item 12]

The Committee noted that its next meeting was noted.

Meeting ended at: 3.45 pm

Chairman

Canal Futures Briefing

Basingstoke Canal Joint Management Committee

20 November 2023

Jo Heath, HCC and Katie McDonald, SCC

BRIEFING PURPOSE



The Basingstoke Canal is not financially sustainable, and the funding received from partners is at risk with some already withdrawn. This briefing sets out the work that has been undertaken to consider the options for a more sustainable financial future for the Canal with associated risks and implications.

We are seeking feedback on these proposals from the Basingstoke Canal JMC members.

CONTENTS:

Background

- Current operational model
- Financial position
- Options considered

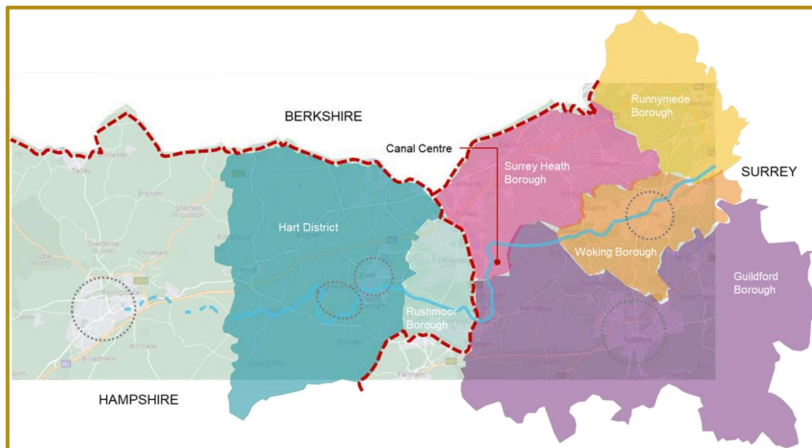
Proposed operating model

- Finance
- Canal Centre
- Staffing & accommodation
- Governance
- Risks & Issues

Communication & Decisions

- Timelines
- Comms & Engagement

The Basingstoke Canal



- The majority of the canal is a **designated SSSI**, for aquatic habitat and Greywell Tunnel
- Significant **recreational and health and wellbeing benefits**

Ownership & assets

- 32 mile Basingstoke Canal is jointly owned by Hampshire and Surrey County Councils,
- acquired in 1970's to manage the risk, protect the Canal and provide for public recreation.
- Majority of Hants section is raised on earth embankment – creating a risk of sudden flooding on failure.
- 29 locks (28 in Surrey),
- Mytchett Centre (visitor facilities, function room, offices and shop), car parking, campsite and café - owned by Surrey CC.
- Deepcut Lock Workshop owned by SCC and used by the BCA
- Ash Lock depot & offices – shared with Blackwater Valley Partnership owned by HCC.
- Car parks in Hampshire - 5 in Hampshire with charges at Reading Road, Fleet.

Current operating model

The Basingstoke Canal Partnership was established to fund the operation of the Canal following restoration.

The riparian partners contribute financially according to an MOA & governance is through a Joint Management Committee (JMC)

The two landowning authorities set up the **Basingstoke Canal Authority** to operate and manage the Canal in 1990.

HCC – employ the BCA staff working under HCC policies and procedures. Provide IT & finance support and depot at Ash Lock.

SCC – main operational base for the BCA at the Canal Centre including visitor facilities & democratic services support.

Table 1 – Partnership funding 23/24

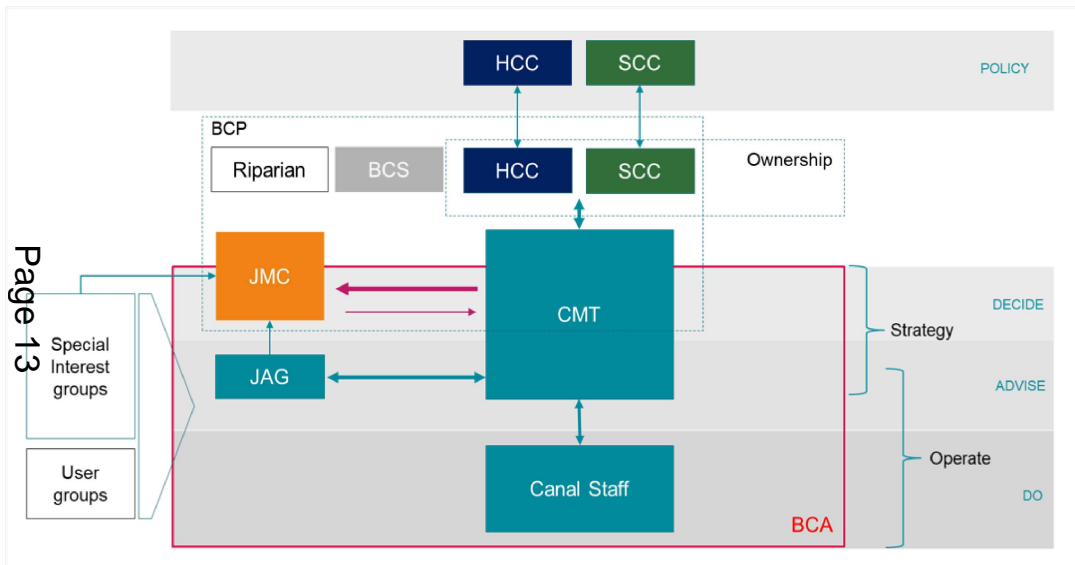
| Local Authority | | Funding* Formula | | Committed Funding | |
|-------------------------|-----------|------------------|-----|-------------------|-----|
| Hampshire County | | £160,434 | 28% | £153,000 | 34% |
| Surrey County | | £160,434 | 28% | £153,000 | 34% |
| Guildford Borough | Surrey | £40,925 | 7% | £39,076 | 9% |
| Hart District | Hampshire | £66,773 | 12% | £30,924 | 7% |
| Woking Borough | Surrey | £55,796 | 10% | £26,638 | 6% |
| Fleet Town | Hampshire | | 0% | £18,309 | 4% |
| Surrey Heath Borough | Surrey | £27,526 | 5% | £10,000 | 2% |
| Runnymede Borough | Surrey | £17,667 | 3% | £8,000 | 2% |
| Rushmoor Borough | Hampshire | £44,244 | 8% | £0 | 0% |
| Church Crookham Parish | Hampshire | | 0% | £6,750 | 1% |
| Odiham Parish | Hampshire | | 0% | £4,036 | 1% |
| Crookham Village Parish | Hampshire | | 0% | £3,048 | 1% |
| Winchfield Parish | Hampshire | | 0% | £250 | 0% |
| Dogmersfield Parish | Hampshire | | 0% | £240 | 0% |
| Total Funding | | £573,799 | | £453,271 | |

*Funding formula agreed by the JMC in 2008, Surrey Heath Borough Council did not agree to the funding formula. Funding formula was developed based on population in proximity to Canal and is embedded in the Memorandum of agreement.

Notes:

- Woking BC 50% reduction 24/25 (12 mths notice received now confirmed to be 100% reduction)
- Rushmoor 100% reduction 23/24
- Surrey Heath BC contribution is less than that in the MOA
- Hart shares contribution with Fleet and PC's

Current Governance



- The BCA has no legal or corporate identity.
- The MOA with riparian partners is not legally binding or enforceable.
- The JMC is a key element of governance but following consultation with all JMC members by MACE the feedback is that it is not effective in its current form. Operational decisions are made by the Canal Management Team (HCC&SCC officers) and strategic decisions by landowning authority governance structures.
- The JMC comprises 20 Councillors (4 from each landowning authority) and representatives of riparian authorities, user groups and other stakeholders.
- Along with riparian LA's the Basingstoke Canal Society is an important partner, providing funding and volunteer support.

Current Financial Position - Revenue

The Canal is not financially sustainable.

In 2022/23 costs required a draw of £149k on existing reserves to cover a shortfall in income. The revised budget 2023/24 includes a planned & approved draw from reserves of £99k, however the current forecast is a £192k draw. The proposed budget for 2024/25 includes a shortfall of £140k if no changes are made.

Basingstoke Canal Partnership members have reduced financial contributions and others have indicated a potential withdrawal of future contributions.

If all funding partners had maintained previous (index linked) contributions, financial sustainability would not be an issue. The current contribution from riparian partners is now half of the original agreement.

Commercial activity is limited.

Over the past 5 years significant growth in income from 5% to 30% (operating budget); however, these opportunities are now limited and require significant investment. e.g. Campsite at Mytchett

| | Final Outturn 2022/23 £'000 | Revised Budget 2023/24 £'000 | Forecast Outturn 2023/24 £'000 |
|------------------------------------|--------------------------------------|---------------------------------------|-----------------------------------------|
| Total Expenditure | 1,028 | 898 | 898 |
| Total Income | 879 | 799 | 706 |
| Contribution (to)/from reserves | 149 | 99 | 192* |
| Reserves opening balance | (802) | (673) | (673) |
| Reserves closing balance** | (673) | (589) | (515) |

*Additional reduction in partner contribution and additional costs of managing the Canal.

**After projected bank interest receivable

Universal Services

Current Financial Position - Capital

Background:

- Capital requirements met by the landowning authorities.
- Requirements differ in HCC and SCC sections of Canal.

Details:

- HCC allocation £500k per year for 3 years agreed to 2024/25
- Carried forward and additional funding to undertake engineering works to 'Swan Cutting' programmed 23/24.
- Currently no allocation beyond 2025/26.
- Minimum requirement for HCC Capital Funding: £300k per year for 2025-2028

| | 2023/24 £'000 | 2024/25 £'000 | 2025/26 £'000 | 2026/27 £'000 | 2027/28 £'000 |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|
| SCC Current budget allocation | 265 | 350 | 350 | 350 | 350 |
| HCC Current budget allocation | 1,240 | 500 | 0 | 0 | 0 |

Review of Operating Model

MACE was commissioned by SCC & HCC to review **operating model options** that would achieve financial sustainability, while ensuring:

- Safe operation (flood prevention, staff, residents & visitor safety)
- Conservation value (obligations as SSSI)
- Health & Wellbeing (public access, navigation)

They were also asked to determine the statutory obligations for both landowning authorities and identify the minimum number of non-statutory but critical tasks required to manage the whole water body.

Criteria for option analysis:

| Criteria | Test |
|--------------------------------|-------------------------------------------------------------------------------------------------------|
| Public Safety | Does the model ensure the safety of the public with particular focus on water level management. |
| SSSI Status | What impact is the model likely to have on the SSSI status of the canal? |
| Navigation | What impact does the model have on maintaining navigability in accordance with critical requirements? |
| Cost / Finance | Does the model improve financial viability of the canal? |
| Leadership and decision making | What impact does the model have on supporting and enabling leadership at all levels? |
| Clarity & Transparency | What impact does the model have on clarity and transparency of responsibilities and decision-making? |

Options Considered & Discounted

Option 1 – Do nothing

- Not financially sustainable
- Governance model not fit for purpose

Option 2 – Change Ownership

- Transfer to Canal & Rivers Trust not financially viable
- NT & CIC model also considered.

Option 3 – Change management model (remove BCA)

- Risk to effective water management
- Duplication of effort
- Additional costs
- Autonomy over assets
- Greater visibility of risk
- Less political input
- Streamlined governance

Option 4 – BCA to deliver only statutory functions

- Navigation required for maintenance
- Income decreases
- Risk of legal challenge
- Opportunity to rewrite MOA
- Secure formal commitment to BCA
- Greater focus on operation of Canal

Proposed Operating Model

Option 5 - Retain BCA, deliver statutory minimum activities and enable leisure navigation

This is the most financially sustainable operating model for the Canal. Although it is an improved financial position for the BCA there is still a forecast revenue shortfall of £96k due to the declining contribution from the Riparian local authorities.

| Measure | Effect | Comment |
|------------------------|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Public Safety | No Change - more sustainable | Adding back Navigation for leisure purposes, changes the financial picture in the most robust way, there is still a net loss, however this is much reduced and with the additional benefits of a more focused management team and structure, this option has the greatest chance to achieve long term financial stability. |
| SSSI Status | No Change - more sustainable | |
| Navigation | No Change – statutory | |
| Cost / Finance | Improved (5-year short term) | |
| Leadership & Decisions | Improved | |
| Clarity & Transparency | Improved | |

Proposed Operating Model

- **The BCA would be retained** as the delivery agent for management of the Canal on behalf of HCC and SCC.
- **The BCA would no longer deliver visitor services activities** and focus on meeting statutory obligations in managing the Canal including leisure navigation.
- **A new agreement between the two landowning authorities would be established** to regularise the working relationship and contributions made by both authorities.
- **Capital funding will be required from both landowning authorities** to safely manage the Canal assets.
- **The riparian partners would be encouraged to continue to contribute to the Canal** and a new MOA or partnership agreement would secure the contributions for a minimum period and set out the governance arrangements.

Proposed Operating Model - Finances

BCA current reserve balance = £673k (£80k Wellesley, £593k unallocated)

Under “Do Nothing” (Option 1) it is projected that the BCA reserve balance would:

- Fall under the minimum unallocated reserve balance of £200k, by 2025/26; and
- run out in 2027/28.

Under the preferred option 5, it is projected that the reserve balance would:

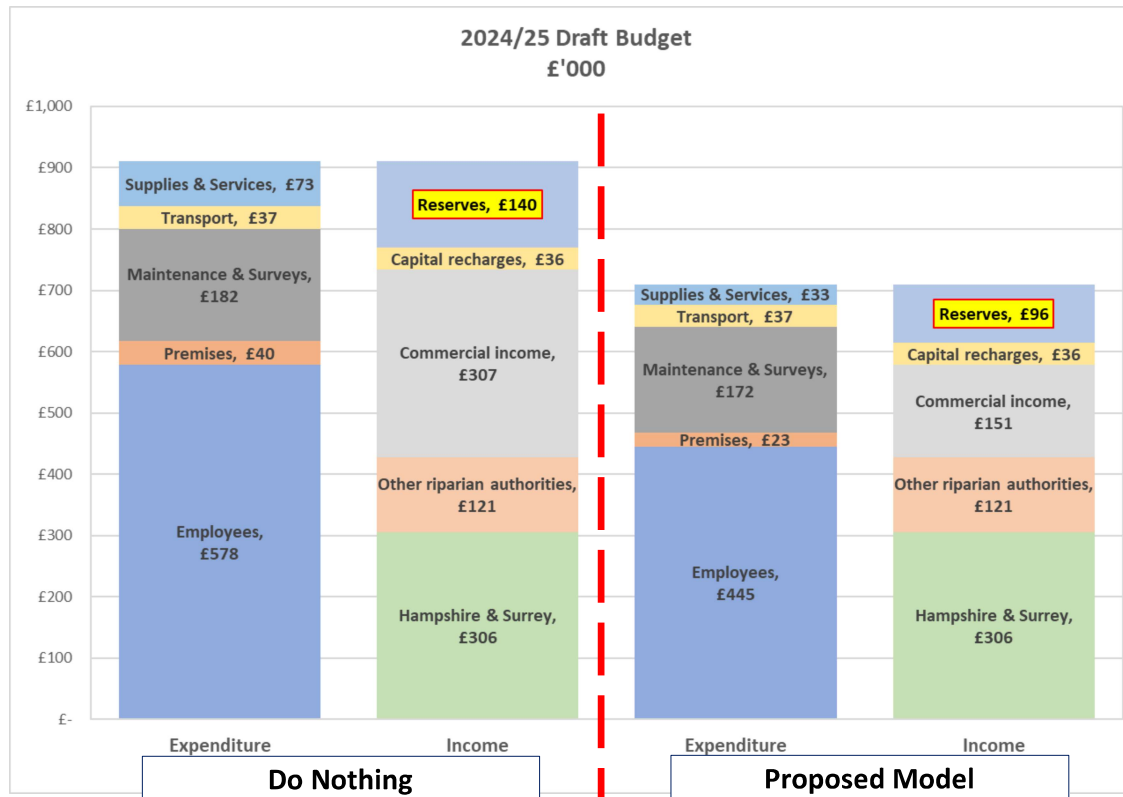
- Fall under the minimum unallocated reserve balance of £200k, by 26/27; and
- run out in 2028/29

Proposed Operating Model - Finances

| | Do nothing £'000 2024/25 | Preferred Option £'000 2024/25 |
|-------------------------------------------------------------|--------------------------------|-----------------------------------------|
| Canal Centre costs (including staffing, premises etc) | 200 | 0 |
| Canal Centre income | (156) | 0 |
| Staffing, premises, supplies and services, transport | 537 | 537 |
| Maintenance and Surveys | 172 | 172 |
| Hampshire and Surrey County Council contributions* | (306) | (306) |
| Other Riparian Partner contributions | (120) | (120) |
| Commercial income | (187) | (187) |
| Annual draw on reserves | 140 | 96 |
| | | |
| Year in which unallocated reserve falls below £200k minimum | 2025/26 | 2026/27 |
| Year in which unallocated reserve is fully depleted | 2027/28 | 2028/29 |

*NB this does not include contributions provided in kind such as the Strategic Canal Manager costs, finance costs, democratic support costs and IT costs.

Proposed Operating Model - Finances



- The Charts are based on the draft 2024/25 budget, being presented to the JMC for approval in November.
- With the “Do Nothing” option a draw from reserves of £140k is needed to balance the budget.
- With the proposed operating model the draw from reserves decreases to £96k. There is also less reliance on commercial income.

*NB Income from Hampshire and Surrey County Councils does not include Strategic Manager costs or contributions provided in kind such as finance costs, democratic support costs and IT costs.

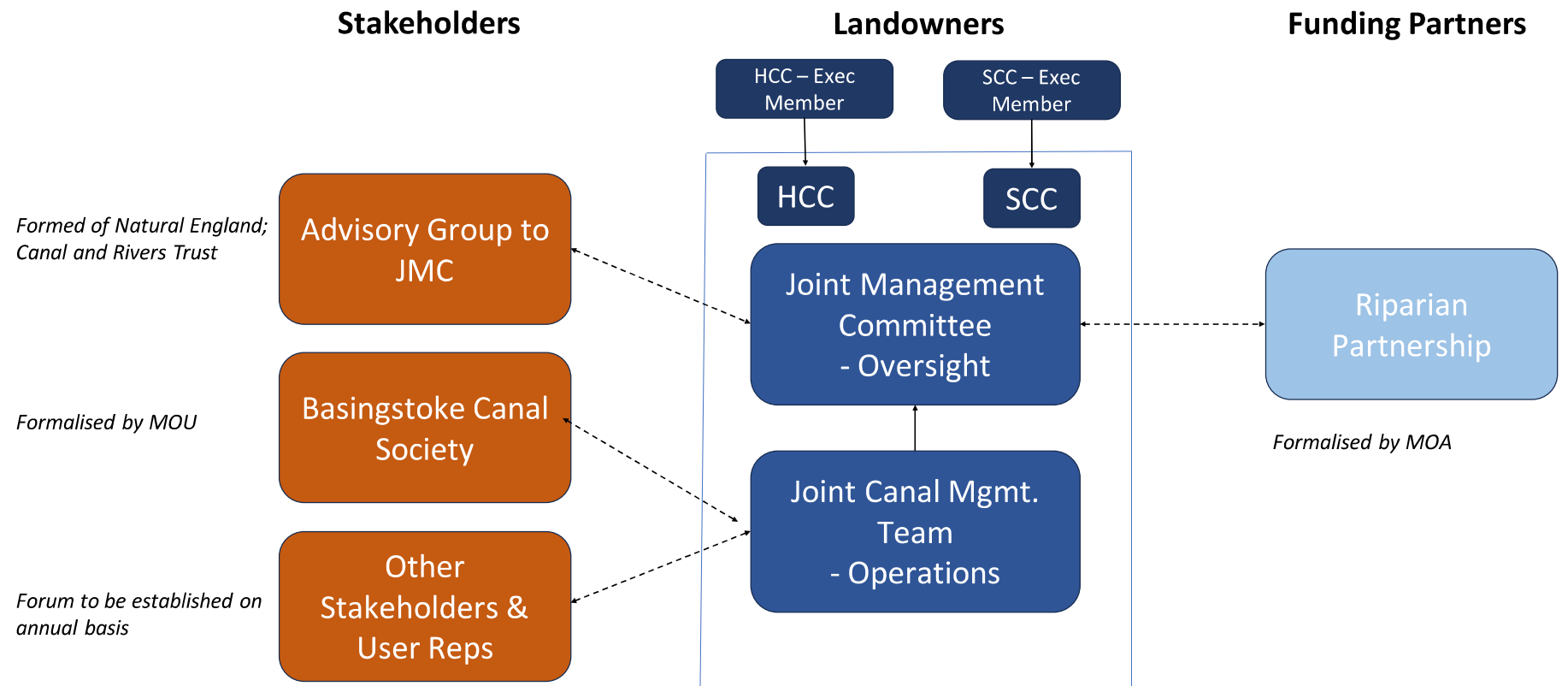
Proposed Operating Model - Staffing

- The BCA employs 11 staff to manage canal operations. For HR & Administrative purposes, these are managed as HCC employees.
- Most BCA employees will not be impacted by the change to Operating Model – the exception is the 3 members of staff most closely associated with Visitor Services Activity.
- As SCC are going to take the management of the Canal Centre back in hand the proposal is to TUPE impacted staff across to SCC on their current terms and conditions.
- Consultation with the impacted staff commenced on 10 November to coincide with the report being made public and will continue for 1 month. HCC HR will support with Staff Consultation and onward actions.

Proposed Operating Model - Governance

- **Joint Canal Management Team** – responsible for operational management of the Canal. Senior responsible officers and finance from SCC and HCC.
- **Joint Management Committee** – HCC & SCC elected Members only reflecting the partnership agreement between SCC and HCC as landowning authorities. Provides oversight of the management of the Canal and recommends to the Executive Member for decision at the respective authorities. Meeting quarterly.
- **Advisory Group to JMC** – invitees to include Natural England, Canal and Rivers Trust etc.
- **Basingstoke Canal Society** memorandum of understanding with both landowning authorities setting out working relationships between BCS and BCA.
- **Wider partnership of riparian authorities** – MOA demonstrating commitment from HCC & SCC and by funding partners. Annual report and meeting, summer member event and regular engagement.
- **Other stakeholders and user representatives** – Forum to be established meeting on annual basis.

Proposed Operating Model - Governance



Proposed Operating Model - Governance

- Landowning and riparian funding authorities & Canal Society to meet twice a year (including site visit). Similar to current arrangements.
- Annual meeting of all stakeholders including non-funding riparian authorities, user groups and other partners.
- Purpose: Raise awareness of the Canal. Share performance over past year and plans for following year. Opportunity to gain feedback and support for projects and proposals.

Proposed Operating Model – Visitor Services

Visitor Services Activity for the Canal are undertaken from the Canal Centre at Mytchett. The Centre is owned by SCC and it is within their gift to decide upon its future (with HCC being actively kept informed).

The Mytchett site is currently a liability for the BCA and requires investment. The site is used as a base for the BCA's operations and this will continue as part of SCC's contribution to the partnership, as well as their use of the workshop at Deepcut for maintenance works, also leased by SCC.

The site currently provides a visitor centre, a campsite, boat hire, events, a room for community use and a café leased to a third party. A lease with canoeing club to let one of the buildings on the site is also in place.

SCC are committed to "continuity of Service" at the Canal Centre and propose to transfer the operation of the Mytchett facilities and associated activities from the BCA to Surrey County Council. Some services may be reduced to ensure the centre's operations break even in the short term whilst initial investments are made.

SCC will be reviewing the options for investment in the site to enhance the visitor experience and encourage more visitors to benefit from the canal and will work closely with all partners to do so.

Summary

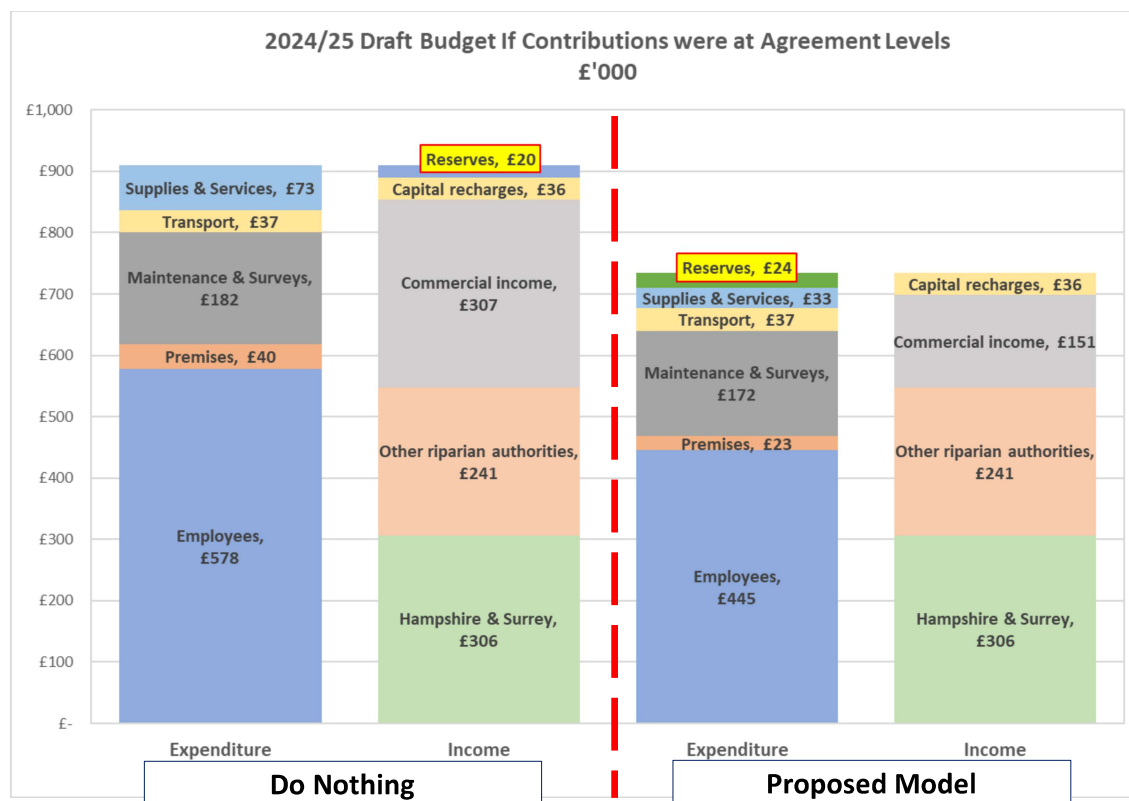
- The proposal to retain the BCA to continue to deliver statutory minimum activities to manage the Canal along with leisure navigation means that the Basingstoke Canal can continue to be managed safely by the BCA.
- This is the most cost effective approach to the future management of the Canal and yet there are only 3 years of reserves left to cover the shortfall in contributions.
- Confirmation of the contributions by the Riparian authorities is required by the end of January 2024 to plan the financial the future of the Basingstoke Canal.

Next steps

- SCC and HCC will finalise consultation with BCA staff impacted by changes to the operation of the Visitor Centre.
- All JMC members will be invited to provide comment on the proposed changes to the Canal's Operating Model by 30th January 2024.
- SCC and HCC will seek confirmation of the contribution by the riparian owners and review the financial plan accordingly.
- Subject to the completion of consultation and engagement, changes to the governance and operation of the Canal will be formalised by the relevant Executive Member at each landowning authorities in March 2024.
- Updated governance documents including the MOA with riparian partners and the MOU with the BCS will be sent for agreement.
- The management of the Canal Centre at Mytchett will transfer from the BCA to SCC on 1 April 2024. There will be continuity of service in the immediate future after this change.

Questions?

Proposed Operating Model - Finances



- As with the previous slide the Charts are based on the draft 2024/25 budget, but this time demonstrate the position **if partner contributions had continued at the Agreement level.**
- Under the “Do Nothing” option a draw from reserves would still be required, but only £20k.
- Under the proposed operating model a contribution to reserves of £24k could be made.

*NB Income from Hampshire and Surrey County Councils does not include Strategic Manager costs or contributions provided in kind such as finance costs, democratic support costs and IT costs.

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