

Committee/Panel:	Basingstoke Canal Joint Management Committee
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Title:	Final Accounts 2013/14
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 final financial outturn position of the Basingstoke Canal Authority for 2013/14.
- 1.2. Net revenue costs are incurred by Hampshire County Council (HCC) and recharged to the Joint Management Committee. Capital expenditure is financed by the two County Councils.
- 1.3. In 2013/14 the Basingstoke Canal has made a contribution of £13,183 to the reserves against a budget of £1,454 savings to be identified. This position is as a result of higher than expected income and a reduction in expenditure due to the October and January storms. The costs of tree survey works was lower than expected but was partially offset by additional costs incurred following the storms. In summary the trading position is as follows:

	£000's
Income (Partner Contrib's & Trading Income)	693
Revenue Expenditure	<u>680</u>
Contribution to reserves	<u>13</u>

2. Final Accounts 2013/14

- 2.1. The 2013/14 financial statement set out in Appendix A shows that instead of the budgeted savings to be identified, a net contribution of £13,200 was achieved, an overall increase of £14,600 against the revised budget. When compared to the reported outturn position in February an increase of £21,500 was achieved.
- 2.2. The gross revenue expenditure of £680,000 is £21,000 more than the revised budget and £3,000 less than reported in the forecast outturn in February 2014,

with only employees and supplies & services being over spent. The actual expenditure compared against the outturn forecast is detailed below:

- **Employees (+£35,700)**

The final outturn resulted in an overspend of £35,700 this was due to a combination of overtime and additional payments to staff for increased staffing during the recent storm and restructuring costs.

- **Premises and Canal Maintenance (-£35,400)**

Due to the winter storms in 2013/14 planned maintenance on the Canal was delayed leading to an underspend of £31,400 compared to the forecast outturn. Tree works and other repairs required as a result of the storms took priority to ensure the Canal was open and safe for users. Planned maintenance not carried out in 2013/14 will be carried forward and completed alongside the planned maintenance for 2014/15, as far as the overall budget permits. The premises budget has an underspend of £4,000, due to savings against refuse collection and electricity other utility charges, with an offsetting overspend on general maintenance due to unplanned costs incurred for the storm damage.

- **Transport (-£7,900)**

All types of transport costs were lower than anticipated in the forecast outturn in February. The main reasons for the underspend were that charges were not levied in March for vehicles hired through Hampshire Transport Management resulting in an underspend of £4,000 and the forecast for the cost of fuelling vehicles was overestimated by £2,500 leaving an underspend when compared to the outturn forecast.

- **Supplies and Services (+£4,400)**

The final outturn was £4,400 higher than the forecast outturn presented in February. There has been an increase in expenditure of £10,000 compared with previous projections, which relates to an adjustment in the reallocation of costs and funding of Hampshire Rural Payments Agency Higher Level Stewardship (HLS) special projects. This additional expenditure is offset by a corresponding amount of income, meaning there is no net overspend.

The remaining change against the Supplies and Services heading results from savings made on shop purchases of £3,000, uniforms £600, hospitality £1,000 and promotions £1,000.

3. Income

- 3.1. The February forecast outturn expectations were exceeded by £18,400 and exceeded the budget by £26,600. The main increases include camping, function room hire, mooring fees, shop sales and events. Interest was received on reserves of £1,000 at the agreed rate of 0.25%. Additional income was received from the Hampshire Rural Payments Agency Higher Level Stewardship (HLS) annual maintenance funds to meet the costs of staff time spent on the annual grassland and woodland maintenance project, £6,400 for Surrey and £5,400 for Hampshire, further details in section 4.

4. Capital Expenditure Programme

- 4.1. The current position on the main capital schemes is detailed in Appendix B, showing final costs for 2013/14 and a revised projected spend for 2014/15.
- 4.2. **Hampshire** - £121,000 was rolled forwards from the main capital fund from 2012/13 with £136,000 spent against this funding with £15,000 being carried forward to spend in 2013/14.
- 4.3. £200,000 of capital funding was allocated for 2013/14 with a total of £75,000 spent during the year on consultancy costs, with much of these costs relating to the landslip at Dogmersfield.
- 4.4. The remaining £110,000 will be rolled forwards and added to the 2014/15 allocation, with funds set aside for the purchase of a new telemetry system which did not take place during 2013/14 and is planned for 2014/15.
- 4.5. Funds of £22,000 originally set aside in an emergency repair fund in 2009/10 will be allocated against the purchase of emergency equipment during 2014/15 as there is no longer a requirement to hold this fund separately.
- 4.6. During 2014/15 further consultancy work is planned in relation to work at Dogmersfield, as well as various culvert repair works and the purchase of emergency equipment.
- 4.7. **Surrey** – A £16,000 overspend from the main capital fund from 2012/13 was offset against the £500,000 capital funding allocated for 2013/14.
- 4.8. A total of £540,000 was spent during the year, with the majority being spent on the Mytchett Lake embankment.
- 4.9. Overall expenditure exceeded the budget by £40,000 which will reduce the 2014/15 allocation accordingly.
- 4.10. Funds of £9,500 originally set aside for vegetation scheme works in the Surrey section will be allocated against the purchase of lock gates during 2014/15 as there is no longer a need to hold this fund separately.

- 4.11. The capital plan for the Surrey section has been updated for 2014/15 to bring forward works on the Ash embankment, with the majority of the funding being allocated against various embankment works.
- 4.12. Consultancy cost relating to the redevelopment of the Canal Centre totalled £68,000 during 2013/14 with £32,000 remaining to roll forward of the separate capital fund of £100,000 held by Surrey's Estates Department.

4 Special projects

- 4.1. The current position on externally funded special projects currently managed by the Canal is shown in Appendix C.
- Rushmoor TAG Project – The project is now complete with £230 spent on towpath works in 2013/14.
 - Odiham Castle – funds stand at £3,600 with no expenditure in 2013/14. The balance will be carried forward to 2014/15 and funds will remain unspent unless there is a requirement to replace interpretation signs due to vandalism or general wear and tear.
 - Higher Level Stewardship (HLS) funding

Surrey - HLS Rural Payments Agency

Annual Grassland Maintenance - £2,500 carried forward from 2012/13 has been added to by a further £2,500, received for work completed during 2013/14.

Other projects - A further claim for £2,400 has been submitted to offset the Denton Survey costs of £1,000 and other professional help with the implementation plan.

In total £6,400 has been transferred against the staffing costs incurred by the Canal during 2013/14.

It is anticipated that one project will be undertaken from the Surrey capital plan during 2014/15 with the specific details yet to be confirmed.

Hampshire - HLS Rural Payments Agency

Annual Grass and Woodland Maintenance - £5,500 has been received during 2013/14 for maintenance work carried out in specific areas. This has been transferred against the staffing costs incurred by the Canal during 2013/14.

Other projects – A further claim of £40,000 has been submitted to cover special project work including the Bat Grille project, bank protection and tree works carried out during 2013/14. Costs of £3,300 have been transferred to the Canal to cover the match funding element.

The majority of work planned for 2014/15 will be tree related with a combination of felling and tree surgery planned in various locations in the Hampshire section.

5 Reserves

- 5.1. The general reserves have increased in 2013/14 by £13,180 to £304,640. A detailed breakdown of these reserves is in Appendix D.
- 5.2. There was no expenditure from the general reserves during the year.
- 5.3. The revenue contribution has been transferred into the unallocated reserve for redistribution when required for future work on the Canal.
- 5.4. A review of the designated reserves had confirmed that, with exception to the Dredging and Silt Disposal reserve, these are no longer required for the purpose for which they were originally established. It is therefore recommended to Members that these sums are incorporated within the main unallocated reserve. Appendix D reflects this proposal.

6 Looking Forward

- 6.1 In 2014/15 the Canal will face additional financial challenges with the cessation of the income received from Surrey for the Fibre Optic rental and the tearooms rent, this will add £20,400 to the £29,000 savings to be identified.
- 6.2 The planned tree survey works not completed in 2013/14 will need to be programmed into 2014/15. The costs of these works have been quoted at £35,000.
- 6.3 As a result of the 2013/14 storms the build of the new mooring has been delayed, which will result in a reduction in a £6,400 reduction in the projected additional mooring income for 2014/15, identified in the February report.
- 6.4 The additional savings now required for 2014/15 will be £91,200, of which potential solutions of £39,400 have been identified.

• Farnborough Air show additional camping	£5,000
• Events Income	£2,800
• Hire of function room	£2,000
• Additional Shop profit	£8,000
• New mooring – 6 months mooring fees	£8,600
• Increased mooring fees - pricing policy change	£13,000

Additional solutions continue to be sought to meet the projected shortfall and to ensure projections are robust.

7 Conclusion

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- 7.1 The final outturn shows that despite the economic climate and more recent weather conditions the Canal has managed to exceed its income targets in 2013/14.
- 7.2 The Canal continues to maintain good standards despite continued financial pressures and the effects of the winter storms. The constraints on the Partners' budgets continue to be an ongoing pressure for the Basingstoke Canal finances.

Recommendations

- 1 That Members note the figures for the outturn for 2013/14 as set out in Appendix A.
- 2 That Members approve the transfer of designated reserves into the main unallocated reserve as reflected in Appendix D.

BASINGSTOKE CANAL

FINANCIAL OUTTURN 2013/14

APPENDIX A

Actual Outturn 2012/13 £		Revised Budget 2013/14 £	Forecast Outturn Feb '14 £	Final Outturn 2013/14 £	Over/ (Under) Forecast OT £	Over/ (Under) Rev Budget £	Original Budget 2014/15 £
	Expenditure						
297,284	Employees	365,200	359,710	395,446	35,736	30,246	399,200
64,273	Premises	33,800	38,967	34,983	(3,985)	1,183	32,300
109,098	Canal Maintenance	153,000	173,918	142,531	(31,387)	(10,469)	153,000
53,059	Transport	61,300	73,102	65,203	(7,899)	3,903	59,300
50,093	Supplies & Services	42,500	37,058	41,451	4,393	(1,049)	42,400
0	Savings to be identified	(1,454)	0	0	0	1,454	(29,354)
0	Potential Shortfall In Partner Contributions	4,116	0	0	0	(4,116)	27,002
573,806	Total Revenue Expenditure	658,462	682,755	679,614	(3,142)	21,151	683,848
	Income						
24,130	Boat Licences	24,100	21,300	20,702	(598)	(3,398)	24,100
8,389	Sales	6,100	8,514	8,378	(136)	2,278	6,100
11,705	Angling	11,200	11,200	11,704	504	504	11,200
72,773	Rents and Hire of Facilities	55,800	77,330	85,094	7,764	29,294	58,300
20,255	Group Activities	19,700	21,775	21,488	(287)	1,788	19,700
48,549	Fibre Optic Cable	20,401	16,188	16,189	1	(4,212)	20,401
30,429	Donations	200	1,438	519	(919)	319	200
36,961	Interest/Other income	0	0	12,078	12,078	0	0
253,191	Total Revenue Income	137,501	157,745	176,152	18,407	26,573	140,001
(195,030)	Contribution (to)/from Reserves	0	8,365	(13,183)	(21,548)	(13,183)	0
515,645	Net Revenue Expenditure	520,961	525,010	503,462	(21,549)	(5,422)	543,847
	Partner Contributions						
153,188	Surrey County Council	153,188	153,188	153,188			153,188
34,960	Guildford Borough Council	39,076	34,960	34,960			39,076
8,000	Runnymede Borough Council	8,000	8,000	8,000			16,869
10,000	Surrey Heath Borough Council	10,000	10,000	10,000			26,283
53,276	Woking Borough Council	53,276	53,276	53,276			53,276
153,188	Hampshire County Council	153,188	153,188	153,188			153,188
30,000	Hart District Council	30,000	30,000	30,000			30,924
3,048	Crookham Village Parish Council	3,048	3,048	3,048			3,048
6,750	Church Crookham Parish Council	6,750	6,750	6,750			6,750
240	Dogmersfield Parish Council	240	240	240			240
18,309	Fleet Town Council	18,309	18,309	18,309			18,309
4,036	Odiham Parish Council	4,036	4,036	4,036			0
200	Rotherwick Parish Council	200	0				200
250	Winchfield Parish Council	250	250	250			250
40,200	Rushmoor Borough Council	41,400	41,400	41,400			42,246
515,645		520,961	516,645	516,645			543,847
	General Reserves						
96,427	Opening Balance	291,457	291,457	291,457			291,457
0	Capital Expenditure	0	0	0			0
0	Capital Income	0	0	0			0
96,427	Sub total	291,457	291,457	291,457			291,457
195,030	Revenue Variance	0	(8,365)	13,183			0
291,457	Closing Balance	291,457	283,091	304,641			291,457

Basingstoke Canal - Capital Projects Reconciliation

APPENDIX B

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	Surrey County Council Estates	Surrey County Council Countryside	Surrey Vegetation Scheme	Hampshire County Council Capital Fund	Hampshire Emergency Repair Fund	Total
	£	£	£	£	£	£
Balance as at 31st March 2013	0	15,943	(9,507)	(120,775)	(22,059)	(136,398)
Core Capital Contribution	0	(500,000)	0	(200,000)	0	(700,000)
Surrey Estates Capital Contribution	(100,000)	0	0	0	0	(100,000)
Expenditure						
2012/13 Starts						
Hard Bank Protection	0	0	0	20,842	0	20,842
Stop Plank Grooves	0	0	0	64,215	0	64,215
Soft Bank protection	0	0	0	30,000	0	30,000
Consultancy	0	0	0	14,885	0	14,885
2013/14 Starts						
Lock Gates	0	68,368	0	0	0	68,368
Hard Bank to seal leak	0	48,096	0	0	0	48,096
Bank Repairs	0	0	0	0	0	0
Emergency Equipment	0	0	0	0	0	0
Telemetry System	0	0	0	0	0	0
Mytchett Lake Embankment	0	400,593	0	0	0	400,593
Consultancy	67,666	3,037	0	74,695	0	145,398
Tree Work	0	4,129	0	5,718	0	9,847
Balance as at 31st March 2014	(32,334)	40,166	(9,507)	(110,421)	(22,059)	(134,154)
Core Capital Contribution	0	(500,000)	0	(1,000,000)	0	(1,500,000)
Expenditure						
2014/15 Starts						
Structural integrity of Canal	0	575,750	0	1,270,191	0	1,845,941
Public safety	0	0	0	0	0	0
Major maintenance	0	0	9,507	0	0	9,507
Water management	0	0	0	0	0	0
Heritage	0	0	0	0	0	0
Spend to save	0	0	0	0	0	0
Equipment	0	0	0	0	22,059	22,059
Consultancy	32,334	0	0	0	0	32,334
Balance as at 31st March 2015	0	115,916	0	159,771	0	275,687
Core Capital Contribution	0	(500,000)	0	(800,000)	0	(1,300,000)
Expenditure						
Balance as at 31st March 2016	0	(384,084)	0	(640,230)	0	(1,024,314)
Core Capital Contribution	0	(500,000)	0	0	0	(500,000)
Expenditure						
Balance as at 31st March 2017	0	(884,084)	0	(640,230)	0	(1,524,314)

Basingstoke Canal - Special Projects Reconciliation

	Rushmoor TAG Project	Odiham Castle Scheme	HLS Rural Payments Agency SCC	HLS Rural Payments Agency HCC	Total
	£	£	£	£	£
Balance as at 31st March 2013	(231)	(3,600)	(2,519)	0	(6,350)
Expenditure					
Grassland Maintenance	0		5,038	5,636	10,674
Special Projects	231		0	2,716	2,947
Bank Repairs	0		0	39,520	39,520
Consultancy	0		2,400	1,000	3,400
Tree Work	0		0	0	0
Signage & maintenance		0			0
HLS Grasslands Income			(2,519)	(5,526)	(8,045)
HLS Income			(2,400)	(40,040)	(42,440)
HLS Match Funding				(3,306)	(3,306)
Balance as at 31st March 2014	0	(3,600)	0	(0)	(3,600)
Expenditure					
Grassland Maintenance			2,519	5,636	8,155
Special Projects			0	0	0
Bank Repairs			0	0	0
Consultancy			0	0	0
Tree Work			0	21,690	21,690
Signage & maintenance		0			0
HLS Grasslands Income			(2,519)	(5,636)	(8,155)
HLS Income			0	(11,045)	(11,045)
HLS Match Funding			0	(10,645)	(10,645)
Balance as at 31st March 2015	0	(3,600)	0	(0)	(3,600)
Expenditure					
Grassland Maintenance			2,519	5,636	8,155
Special Projects			0	0	0
Bank Repairs			0	0	0
Consultancy			0	0	0
Tree Work			0	0	0
Signage		0			0
HLS Grasslands Income			(2,519)	(5,636)	(8,155)
HLS Income			0	0	0
HLS Match Funding			0	0	0
Balance as at 31st March 2016	0	(3,600)	0	0	(3,600)
Expenditure					
Balance as at 31st March 2017	0	(3,600)	0	0	(3,600)

APPENDIX D

Basingstoke Canal Reserves 2013-15

	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 2013	(237,814)	(22,888)	(1,753)	(24,078)	(4,924)	(291,457)
Income (Interest on Balances)	(1,032)	0	0	0	0	(1,032)
Plus Net Contribution For The Year	(12,151)	0	0	0	0	(12,151)
Transfers between reserves	(29,565)	22,888	1,753	0	4,924	0
Balance as at 31st March 2014	(280,562)	0	0	(24,078)	0	(304,640)
Planned Reserve Transfers	0	0	0	0	0	0
Balance as at 31st March 2015	(280,562)	0	0	(24,078)	0	(304,640)