

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Basingstoke Canal Joint Management Committee
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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. Members are asked to review and agree the outturn position for the year 2016/17.
- 1.2 Net revenue costs are incurred by Hampshire County Council (HCC) and recharged to Surrey County Council and the Riparian Districts in the manner agreed by the Joint Management Committee. Capital expenditure is currently being funded by Hampshire and Surrey County Councils for specific repairs and improvements.
- 1.3 The final position shows that the Canal made a contribution to reserves of £84,283 compared to a forecast contribution in January of £5,230 an improvement of £79,053. This contribution comprises £82,002 from revenue and £2,281 from interest received. Reserves now stand at £486,309, see appendix D.

The higher than forecast contribution to reserves results from a combination of reduced expenditure of £24,377 combined with higher than anticipated income of £54,676. Further details are set out in section 2, below.

2. Final Accounts 2016/17

- 2.1 The 2016/17 financial statement is set out in Appendix A, alongside the 2017/18 budget which is presented for information.
- 2.2 The final revenue expenditure showed a reduction of £24,377 from the forecast in the last report. The reasons for these changes are explained below:

- **Employees [-£1,966]**

There was a reduction in Employees costs of £7,400 mainly as a result of savings relating to the staffing of the unpowered boat hire which was operated by one member of staff rather than two as originally envisaged. A small saving on the seasonal lock keeper role was also achieved however overall staffing savings were offset by additional training expenses of £5,500 for staff and volunteers in support of income generating activities.

- **Premises [-£3,798]**

With the exception of electricity where forecast costs were higher than predicted all other utility budget headings came in less than previously forecast producing a reduction in forecast cost of £3,798. The increase in electricity costs were as a result of extra consumption due to additional back pumping to maintain water levels to support the Santa cruises through the winter work programme.

- **Canal Maintenance [-£25,333]**

A number of planned works were not carried out due to time and winter work programme constraints. The main areas of works that were not carried out as planned were:

• Work to lock gates and furniture	£10,000
• Lock structure wing wall / extension ladders	£ 4,000
• Minor culvert works	£ 1,500
• Remedial towpath work	£ 4,000
• Non installation of a lock gate	£ 6,000
• Telemetry works	£ 1,000
• Works on Colt Hill septic tank	£ 2,600
• Bat survey / inspection of Greywell tunnel	£ 1,800
• Bridge Barn Elsan project under budget	£ 1,500

These were partly offset by depth survey works of £12,000. These had been planned as capital expenditure but as they do not meet the accounting criteria for capital expenditure were paid for from the revenue budget.

- **Transport [-£4,712]**

The final spend on transport was £4,712 less than forecast. £1,500 of this saving was related to the end of a vehicle lease from January, with additional savings coming mainly from lower than anticipated fuel costs in the region of £2,700.

- **Supplies and Services [£11,432]**

Supplies and Services expenditure was £11,432 over forecast, due mainly to:

- Additional equipment costs of around £5,000 were incurred for installation of trackers onto trailers for additional security and additional maintenance of pumps. Following an increase in volunteer groups there was also a requirement to replace equipment for rangers and volunteers
- Advertising and printing charges accounted for just over £4,000 of the additional expenditure. These charges were incurred in respect of promoting

the volunteering groups, additional signage for the canal as well as a general increase in volumes required due to extra visitor numbers

- £2,300 worth of unbudgeted legal costs have been incurred in respect of the pursuance of a bad debt

2.3 The final outturn for Income was £54,395 greater than forecast in the last report. The reasons for these variations are shown below:

- **General Fees and Charges [-£15,000]**
General fees and charges exceeded budgeted income by £15,000 due to higher than anticipated income from boat licences, camping and function room hire.
- **Grants & Contributions – Other [-£27,086]**
There were three main sources for this additional income:
 - £12,000 transfer of HCC capital budget to fund the depth survey works
 - £11,000 donation from the Canal Society to support the training costs for volunteers and new map panels in car parks
 - £1,419 Car parking income from Hart DC.
- **Rental Income [-£1,889]**
The increase in rental income was due to additional receipts of garden licences and an inflationary increase on fibre optic income.
- **Sales Income [-£5,420]**
Sales income was higher than forecast largely due to an increase in revenue from the Santa Cruises as well as general events including additional half term trails.
- **Other Miscellaneous Income [-£5,000]**
Miscellaneous income of £5,000 was received in respect of the sale of land at Poulters Bridge Cottage.

3. Capital Expenditure Programme

3.1 Appendix B shows the final capital outturn for Hampshire County Council and Surrey County Council for 2016/17 and budgeted expenditure for 2017/18.

Hampshire County Council

3.2 The HCC brought forward balance for capital works was £1,484,718.

3.3 During the year, £593,361 of this allocation was spent against a forecast in the last report of £1,478,743.

3.4 The biggest area of spend was on the Dogmersfield Landslip and Barley Mow Culvert replacement projects - which have been let as a single contract. This accounted for £353,849 expended on “bank” works and £87,500 on canal “structure”.

3.5 As the works at Dogmersfield are behind schedule and on-going, this has contributed significantly to the underspend in 2016/17 –£338,651 remains committed to the completion of the project. It is also expected that additional costs will be encountered due to difficulties experienced by the contractor in carrying out the contract. The precise value of the

additional claims are unknown at this time, but are likely to be significant; the costs will however be contained within the HCC capital allocation.

- 3.6 An on-going jointly procured contract for bank protection works with an anticipated value of £107,087 which had not started before 31st March 2017 as planned on the HCC section of the Canal, will now be undertaken in 2017/18.
- 3.7 The highest priority works in 2017/18 are further areas of bank protection and major repairs / improvements to North Warnborough sluice.

A capital budget of £891,357 will be carried forward into 2017/18 and a balance of £102,948 is expected to remain at the end of 2017/18.

Surrey County Council

- 3.8 The SCC brought forward balance for capital works was £349,000 and this was supplemented by another £500,000 in 2016/17 to provide a total allocation of £849,000.
- 3.9 The final spend in 2016/17 was £302,545 against a forecast in the last report of £784,667.
- 3.10 The main area of spend was on canal “structure” – these were repairs to Locks 12-18 following a Principal Inspection by the Surrey County Council Canal Engineer. The other major expenditures were on the backlog of tree surgery, and on the jointly procured bank protection programme.
- 3.11 The significant underspend is mainly due to the logistics of carrying out works involving the draining of the canal in a very limited period over winter, together with a capacity issue of the existing County Council and BCA staff to manage these works contracts.
- 3.12 The main area of priority for 2017/18 is to continue the planned principal inspection of locks and carryout any major repairs identified. Surrey County Council has also committed £60,000 to carrying out improvements at Woking Town Wharf in partnership with Woking Borough and the Canal Society.
- 3.13 A capital budget of £546,455 will be carried forward from the 2016-17 allocation. However this will now be re-profiled so that it is evenly spread at £182,151 over each of the next three years; in addition Surrey County Council have made a new allocation of £150,000 in each of the next three years. Surrey County Council’s allocation in 2017/18 will therefore be £332,151 of which £13,251 is budgeted to remain to be carried forward into 2017/18.

4. Special Projects

4.1 The final outturn for externally funded special projects managed by the Canal is shown in Appendix C.

- Odiham Castle – There was no spend in 2016/17 and the balance of the funds available has been carried forward to 2017/18.
- Higher Level Stewardship (HLS) funding

Surrey - HLS Rural Payments Agency

Annual Grassland Maintenance – £2,519 offset staffing costs incurred on grassland maintenance and will be invoiced to Surrey County Council.

Hampshire - HLS Rural Payments Agency

Annual Grass and Woodland Maintenance – £5,526 was received in 2016/17. Maintenance work on the grassland is expected to continue under the current agreement until 2022. Receipts offset the staffing costs incurred by the Canal during 2016/17.

5 Reserves

- 5.1 A detailed breakdown of reserves is shown in Appendix D.
- 5.2 The opening balances for the reserves in 2016/17 were £377,948 Unallocated and £24,078 for Dredging Silt and Disposal.
- 5.3 A contribution of £5,230 to the Unallocated Reserve was forecast in the last report, however, the final outturn was a contribution £84,283.
- 5.4 Total reserves now stand at £486,309 at the end of 2016/17 and are budgeted to be £488,309 at the end of 2017/18.

6 Conclusion

- 6.1 The Basingstoke Canal Authority performed better than forecasted in 2016/17, controlling expenditure and generating additional income which resulted in a contribution to reserves of £84,283.

	Original Budget 2016/17 £	Forecast Outturn Aug-16 £	Final Outturn 2016/17 £	Over (Under) Forecast £	Over (Under) Orig Budget £	Original Budget 2017/18 £
Expenditure						
Employees	426,000	419,488	417,522	(1,966)	(8,478)	436,066
Premises	33,000	33,000	29,202	(3,798)	(3,798)	33,000
Canal Maintenance	157,000	202,000	176,667	(25,333)	19,667	156,266
Principal Survey of Sluices & Weirs	39,000	4,000	4,000	0	(35,000)	50,000
Transport	57,000	57,000	52,288	(4,712)	(4,712)	49,800
Supplies & Services	42,000	55,729	67,161	11,432	25,161	45,100
Shortfall In Partner Contributions	25,151	25,151	25,151	0	0	25,151
Total Revenue Expenditure	779,151	796,368	771,991	(24,377)	(7,160)	795,383
Income						
General Fees & Charges	88,800	105,747	120,747	15,000	31,947	97,200
Grants & Contributions - Partner	547,682	547,682	547,682	0	0	547,682
Grants & Contributions - other	10,501	20,245	47,331	27,086	36,830	10,501
H.C.C Transfer from Capital				0	0	
Rental Income	71,700	71,700	73,589	1,889	1,889	81,500
Sales Income	50,500	54,224	59,644	5,420	9,144	58,500
Other Miscellaneous Income	0	0	5,000	5,000	5,000	0
Total Revenue Income	769,183	799,598	853,993	54,395	84,810	795,383
Contribution (to)/from Reserves	9,968	(3,230)	(82,002)	(78,772)	(91,970)	0
Partner Contributions						
Surrey County Council	153,188	153,188	153,188	0	0	153,188
Guildford Borough Council	39,076	39,076	39,076	0	0	39,076
Runnymede Borough Council	16,869	8,000	8,000	0	(8,869)	16,869
Surrey Heath Borough Council	26,282	10,000	10,000	0	(16,282)	26,282
Woking Borough Council	53,276	53,276	53,276	0	0	53,276
Hampshire County Council	153,188	153,188	153,188	0	0	153,188
Hart District Council	30,924	30,924	30,924	0	0	30,924
Crookham Village Parish Council	3,048	3,048	3,048	0	0	3,048
Church Crookham Parish Council	6,750	6,750	6,750	0	0	6,750
Dogmersfield Parish Council	240	240	240	0	0	240
Fleet Town Council	18,309	18,309	18,309	0	0	18,309
Odiham Parish Council	4,036	4,036	4,036	0	0	4,036
Winchfield Parish Council	250	250	250	0	0	250
Rushmoor Borough Council	42,246	42,246	42,246	0	0	42,246
	547,682	522,531	522,531	0	-25,151	547,682
General Reserves						
Opening Balance	(402,026)	(402,026)	(402,026)	0	0	(407,256)
Contribution (to)/from Reserves	9,969	(3,230)	(82,002)	(78,772)	(91,971)	0
Interest on Balances	(900)	(2,000)	(2,281)	(281)	(1,381)	(2,000)
Closing Balance	(392,957)	(407,256)	(486,309)	(79,053)	(93,352)	(409,256)

	Surrey County Council Countryside £	Hampshire County Council Capital Fund £	Hampshire Emergency Repair Fund £	Total £
Reported Balance as at 31st March 2016	(349,000)	(1,534,478)	0	(1,883,478)
Transfer to revenue 15/16		20,000		20,000
HCC Consultancy Costs 15/16		29,760		29,760
Balance as at 31st March 2016	(349,000)	(1,484,718)	0	(1,833,718)
Core Capital Contribution	(500,000)	0	0	(500,000)
Expenditure				
RCCO re dredging works (Water)	0	12,000	0	12,000
Bank Works	93,481	425,011	0	518,492
Water Management	15,158	12,217	0	27,375
Equipment	0	0	0	0
Canal Structure	174,510	90,200	0	264,710
Consultancy	19,396	53,933	0	73,329
Total cost of planned starts 2016/17	302,545	593,361	0	895,906
Balance as at 31st March 2017	(546,455)	(891,357)	0	(1,437,812)
Core Capital Contribution	(150,000)	0	0	(150,000)
Expenditure				
Bank Works	63,000	621,589		684,589
Water Management	22,000	84,370		106,370
Equipment				0
Canal Structure	233,900	82,450		316,350
Consultancy				0
Total cost of planned starts 2017/18	318,900	788,409	0	1,107,309
Balance as at 31st March 2018	(377,555) *	(102,948)	0	(480,503)

* The carried forward budget for Surrey of £377,555 therefore consists of £364,304 in respect of 18/19 and 19/20 re-profiling of existing capital allocation along with the forecast underspend in 17/18 of £13,251.

	Odiham Castle Scheme £	HLS Rural Payments Agency SCC £	HLS Rural Payments Agency HCC £	Total £
Balance as at 31st March 2016	(3,148)	0	0	(3,148)
Expenditure				
Grassland Maintenance	0	2,519	5,526	8,045
Special Projects	0	0	0	0
Bank Repairs	0	0	0	0
Consultancy	0	0	0	0
Tree Work	0	0	0	0
Signage & maintenance	0	0	0	0
HLS Grasslands Income	0	(2,519)	(5,526)	(8,045)
HLS Income	0	0	0	0
HLS Match Funding	0	0	0	0
Balance as at 31st March 2017	(3,148)	0	0	(3,148)
Expenditure				
Grassland Maintenance	0	2,519	5,526	8,045
Special Projects	0	0	0	0
Bank Repairs	0	0	0	0
Consultancy	0	0	0	0
Tree Work	0	0	0	0
Signage & maintenance	0	0	0	0
HLS Grasslands Income	0	(2,519)	(5,526)	(8,045)
HLS Income	0	0	0	0
HLS Match Funding	0	0	0	0
Balance as at 31st March 2018	(3,148)	0	0	(3,148)

	Unallocated Reserve	Dredging & Silt Disposal	General Reserves Total
	£	£	£
Balance as at 31st March 2016	(377,948)	(24,078)	(402,026)
Income (Interest on Balances)	(2,281)	0	(2,281)
Projected use of reserve	(82,002)	0	(82,002)
Balance as at 31st March 2017	(462,231)	(24,078)	(486,309)
Income (Interest on Balances)	(2,000)	0	(2,000)
Projected use of reserve	0	0	0
Balance as at 31st March 2018	(464,231)	(24,078)	(488,309)

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