

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Basingstoke Canal Authority Joint Management Committee
Date:	28 February 2013
Title:	Current Financial Position and Projected Outturn 2012/13
Reference:	
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 31 October 2012 members approved the revised revenue budget for 2012/13.
- 1.2. This report compares the Basingstoke Canal Authority income and expenditure at 31 December 2012 with the 2012/13 revised budget and projects the final outturn for the accounts. The detail is set out in Appendix A.
- 1.3. In 2012/13 the Basingstoke Canal Authority is expected to make a contribution to reserves of £127,409. This is £53,764 more than budgeted and is largely due to exceptional one-off additional budget savings in 2012/13. Expenditure is projected to be £40,231 less than budget and income is forecast to exceed the budget by £13,533. In summary the trading position is expected to be:

£000's

Income	726	Partner Contrib's & Trading Income
Expenditure	<u>599</u>	
Contribution to reserves	<u>127</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 2012/13.

- 2.2. The current position shows that most of the anticipated earned income has been received. The remaining annual income to be received includes that due from Surrey County Council for the fibre optic cable and in addition tea room rent, gate/garden licences; and some outstanding Boat Licences and Mooring renewal fees.
- 2.3. Partner contributions have all been received in line with the revised budget albeit that this reflected a shortfall in some partners contributions against that required under the funding formula.

3. 2012/13 Projected Outturn

- 3.1. The forecast outturn is based on actual income and expenditure to the 31 December 2012. It assumes that all expenditure in the final quarter of the year will be kept to a minimum, and that there will be some increase in the income already received.
- 3.2. The gross revenue expenditure budget has been set at £638,900. The anticipated outturn is £598,669 and includes the following variations:

- **Employees (-£52,094)**

A large proportion of the reduction in staff costs £33,800, is due to the release of funds budgeted to meet the Canals 6% liability relating to the LGPS pension deficit, identified by the Actuarial valuation for 2011/12 and 2012/13. Officers have been advised that this additional contribution will not be recovered for either of these financial years. In 2013/14 this charge will be reviewed and the Basingstoke Canal JMC may be required to contribute to any further deficit in the pension fund.

Savings have been made by not appointing a Cleaner and a Visitor Services Officer within the current financial year. These positions are now expected to be filled early in 2013/14. It is anticipated that further additional savings will be made between January and March following the resignation of one of the Rangers who will also not be replaced until the new financial year. Cost of Change funding of £2,700 has also been received from HCC for the appointment costs of the Canal Manager.

- **Premises and Canal Maintenance (£8,246)**

The costs for premises is expected to be overspent by £8,246. The main areas of overspend relate to the increased cost of Electricity which is anticipated to be £5,100 higher than budgeted. Contract Cleaning shows an additional cost of £2,120, although this is offset by savings made under employment costs for the cost of a cleaner. An additional small overspend in the Centre's site maintenance budget is due to the higher than expected cost for the installation of

a barrier to restrict access to the site when the Canal Centre is closed.

- **Transport (£532)**

Most transport costs have been kept within budget, except for a slight overspend due to higher than expected costs for the service and repair of the quad and mower used at the centre.

- **Supplies and Services (£3,048)**

Expenditure on supplies and services continues to be tightly controlled, but these costs are projected to overspend by £3,048 mainly due to higher than budgeted costs of printing and postage. The budget for the repair of the Jetty of £3,000 will be carried forward in the Reserves to be used in 2013/14.

- 3.3. The gross revenue income budget has been set at £196,900. The anticipated outturn is £210,432 an increase of £13,532. The increase in projected income is due to additional income from boat licences £4,300, mooring fees £1,600 and campsite fees £4,500, with a number of smaller increases across other headings including an additional £529 for the annual Santa Cruises which was budgeted higher than last years figure.
- 3.4. The projected outturn shows a positive position as we approach the end of the financial year, however staff are aware of the need to continually monitor and manage the remaining expenditure and ensure that the anticipated income is collected. If this is achieved a further contribution of £127,409 to the general reserves is anticipated, which will increase the reserves balance to £223,835.

4 Capital Expenditure Programme

- 4.1. The current position on the main capital schemes is shown in Appendix B. The table includes the outturn costs and income for the year and the residual balances for each scheme.
- 4.2. Capital works on the Surrey section being undertaken as a result of the Principle Asset Survey will be completed by the end of March 2013. However, the work to repair and maintain the Hampshire section will continue into the early part of 2013/14, with work on Coxheath and Pondtail Bridges stop plank grooves still to be completed.
- 4.3. An additional fund has been set up to hold receipts received from property and land sales and currently holds a balance of £398,210. Decisions have yet to be made as to how the funds will be spent.

5 Special Projects

5.1. The Canal is currently managing a number of externally funded special projects.

- Rushmoor TAG Project – the balance of the funding provided in 2011/12 to Rushmoor Borough Council to be used for towpath repairs in the Rushmoor section has been used during 2012/13 and the full amount of the funding has now been spent.
- Odiham Castle – it is not anticipated that any of the Odiham Castle fund will be spent during 2012/13, therefore £2,600 will be carried forward into 2013/14.
- HLS Rural payments agency - funding has been agreed over four year for the Surrey section of the canal and £53,269 of this funding has been spent to during 2012/13 however the budget plan is being revised. The bid for the Hampshire section has been approved for bankside projects running over three year from 2013/14 and a one-off bat grille project. Total cost of the scheme will be £51,129 with HLF funding £42,600 and the additional 20% being funded by the Basingstoke Canal.
- Mychett to Frimley Towpath – the balance of the payment from Steljes has been used during 2012/13 for priority bank protection and repair work, therefore the full amount of funding has now been spent.

6 Reserves

6.1. The general reserves are expected to increase in 2012/13 by £127,409 to £223,835. A detailed breakdown of these reserves is in Appendix C.

6.2. The general reserve is held to fund additional cost associated with routine maintenance and repairs of the Canal. The Canal meets the requirement to have sufficient funding within its reserves to cover at least three months of running costs. However further to this in determining what is an appropriate level of reserves for the Canal the JMC will also wish to consider the need to provide for greater investment in the canal and the potential for further local authority funding reductions particularly from 2015/16

7 Funding Formula

7.1. The revenue costs of the Basingstoke Canal are principally funded by HCC and SCC amounting to 55.92% of contributions. The local District and Borough councils contribute the balancing 44.08% through an agreed formula. The formula used the Canal bank mileage to calculate 50% of their contribution and the population within a 5 mile radius to calculate the balance.

- 7.2. The population figures used to calculate the required contribution for each district has never been reviewed. On this basis their contributions have changed annually based on inflationary increase alone.
- 7.3. An extract from the Memorandum of Agreement is provided in Appendix D showing the Formula for Partner contributions updated each year for the percentage change in partner contributions agreed by the JMC. Members will be aware that in recent years contributions from some partner authorities have not matched the funding requirements under the agreed formula and there is presently a funding gap of £32,238 as a result.

8 Conclusion

- 8.1. This report shows that despite the current economic climate the Basingstoke Canal is forecast to make a contribution to reserves to be used for the future benefit of the Canal.

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 make their full contributions and honour the agreed scale contributions for 2013/14.

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

Hampshire safer and more secure for all:	yes/no
Corporate Improvement plan link number (if appropriate):	
Maximising well-being:	yes/no
Corporate Improvement plan link number (if appropriate):	
Enhancing our quality of place:	yes/no
Corporate Improvement plan link number (if appropriate):	

NB: If the 'Other significant links' section below is not applicable, please delete it.

Other Significant Links

Links to previous Member decisions:		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Direct links to specific legislation or Government Directives		
<u>Title</u>	<u>Date</u>	

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

1.1.

2. Impact on Crime and Disorder:

2.1.

3. Climate Change:

3.1 How does what is being proposed impact on our carbon footprint / energy consumption?

3.1 How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

FINANCIAL POSITION AT 31 DECEMBER 2012 AND PROJECTED OUTTURN

APPENDIX A

	Revised Budget 2012/13 £	As At 31st December 2012	Forecast Outturn 2012/13 £	Over/ (Under) Budget
Expenditure				
Employees	354,000	211,130	301,906	(52,094)
Premises	59,800	34,523	68,046	8,246
Canal Maintenance	125,000	63,093	125,000	0
Transport	48,500	32,777	49,032	532
Supplies & Services	51,600	19,347	54,684	3,084
				0
Total Revenue Expenditure	638,900	360,871	598,668	(40,232)
Income				
Boat Licences	19,700	21,057	24,000	4,300
Sales	6,100	5,375	6,100	0
Angling	11,200	10,036	11,700	500
Rents and Hire of Facilities	60,700	76,838	68,125	7,425
Group Activities	21,000	21,492	21,529	529
Fibre Optic Cable	47,800	14,554	48,550	750
Donations	30,400	30,428	30,428	28
Total Revenue Income	196,900	179,781	210,432	13,532
Contribution (to)/from Reserves	(73,645)	(334,554)	(127,409)	(53,764)
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	96,426	96,426	96,426	
Capital Expenditure	0	0	0	
Capital Income	0	0	0	
Sub total	96,426	96,426	96,426	
Revenue Variance	73,645	334,554	127,409	
Closing Balance	170,071	430,980	223,835	

Basingstoke Canal - Capital & Special Projects Reconciliation.

APPENDIX B

	Surrey County Council	Hampshire County Council	Hampshire Property Receipts	Total	Rushmoor TAG Project	Odiham Castle Scheme	Special Projects HLS Rural Payments Agency	Mytchett to Frimley Towpath scheme	Total
	£	£	£	£	£	£	£	£	£
Balance as at 31st March 2011	(619,000)	(893,540)	0	(1,512,540)	(40,000)	(2,500)	0	0	(42,500)
Expenditure	0	110,924	0	110,924	13,410	0	3,430	8,614	25,454
Lock Gate Replacement	123,496	0	0	123,496	0	0	0	0	0
Tree Clearance	44,744	0	0	44,744	0	0	0	0	0
Lock Wing Wall and Bye-Wash Repairs	0	0	0	0	0	0	0	0	0
Bank Protection	101,762	64,656	0	166,418	0	0	0	0	0
Culverts	0	9,871	0	9,871	0	0	0	0	0
Chainage Markers	0	14,549	0	14,549	0	0	0	0	0
Consultancy	0	45,064	0	45,064	0	0	0	0	0
Jackhead programme	5,382	0	0	5,382	0	0	0	0	0
Structural Repairs	36,627	78,599	0	115,226	0	0	0	0	0
General Repairs	70,989	4,108	0	75,098	0	0	0	0	0
Return of capital receipts	0	0	0	0	0	0	0	0	0
Income	0	0	0	0	0	(100)	(715)	(25,000)	(25,815)
Balance as at 31st March 2012	(236,000)	(565,769)	0	(801,769)	(26,590)	(2,600)	2,715	(16,386)	(42,861)
Unallocated Planned Expenditure	4,828	169,475	0	174,303	231	0	0	0	231
Lock Gate Replacement	81,403	0	0	81,403	0	0	0	0	0
Tow Path Repairs	20,000	5,000	0	25,000	26,359	0	0	16,386	42,745
Tree Shading/Clearance	14,256	0	0	14,256	0	0	20,000	0	20,000
Control Invasive Plants	0	0	0	0	0	0	956	0	956
Maintain Grassland	0	0	0	0	0	0	1,563	0	1,563
Revetment Dredging	8,633	0	0	8,633	0	0	27,000	0	27,000
Lock Wing Wall and Bye-Wash Repairs	7,397	0	0	7,397	0	0	0	0	0
Hard Bank Protection	0	40,009	0	40,009	0	0	0	0	0
Soft Bank Protection	6,651	41,885	0	48,536	0	0	0	0	0
Monitoring Equipment	0	0	0	0	0	0	0	0	0
Fencing	0	0	2,149	2,149	0	0	0	0	0
Consultancy	10,452	83,400	0	93,852	0	0	0	0	0
Culvert Repairs	11,109	13,808	0	24,917	0	0	0	0	0
Chainage Marker	14,549	0	0	14,549	0	0	0	0	0
Structural Repairs	23,997	0	0	23,997	0	0	0	0	0
General Repairs	257	5,926	0	6,183	0	0	0	0	0
Vegetation Clearance	8,891	52,782	0	61,673	0	0	0	0	0
Jackhead programme	5,992	0	0	5,992	0	0	0	0	0
Professional fees/plans	20,000	2,791	0	22,791	0	0	1,035	0	1,035
Stop Plank Grooves	0	137,715	0	137,715	0	0	0	0	0
Income	0	0	(400,359)	(400,359)	0	0	(51,204)	0	(51,204)
Balance as at 31st March 2013	2,414	(12,978)	(398,210)	(408,774)	0	(2,600)	2,065	0	(535)

Basingstoke Canal Reserves 2012/13

APPENDIX C

	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 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	(127,409)	0	0	0	0	(127,409)
Balance as at 31st March 2013	(170,192)	(22,888)	(1,753)	(24,078)	(4,924)	(223,835)

Basingstoke Canal Authority - Formula for the Partner Contributions 2012/13**A) Basic Calculations**

i) <u>Total contributions:</u>	2008/09:	£559,800	
	2009/10:	£559,800	(2008/09 Total Contributions Inflated by 2.5%)
	2010/11:	£559,800	(2009/10 Total Contributions Inflated by 1.25%)
	2011/12:	£547,883	(2010/11 Total Contributions Inflated by -5.7%)
	2012/13:	£547,883	(2011/12 Total Contributions Inflated by 0.00%)
	2013/14:	£547,883	(2012/13 Total Contributions Inflated by 0.00%)

ii) Apportionment of contributions:

Surrey and Hampshire County Councils contribute 55.92% of the Total Contribution:

Surrey County Council share:	27.96%	=	£153,188
Hampshire County Council share:	27.96%	=	£153,188

The riparian partners (district and borough councils) contribute 44.08% of the Total Contribution. This is weighted equally between the population numbers and the bank mileage:

Population within 5 miles :	22.04%	=	£120,753
Bank mileage:	22.04%	=	£120,753

B) Table

	Population within 5 miles			Bank Mileage			Total
	Number	%	£	Number	%	£	£
Guildford BC	97,294	19.86	£23,982	4.00	12.50	£15,094	£39,076
Runnymede BC	49,300	10.06	£12,152	1.25	3.91	£4,717	£16,869
Surrey Heath BC	79,836	16.30	£19,679	1.75	5.47	£6,604	£26,282
Woking BC	89,840	18.34	£22,145	8.25	25.78	£31,132	£53,276
Hart DC	82,607	16.86	£20,362	11.50	35.94	£43,396	£63,757
Rushmoor BC	91,017	18.58	£22,435	5.25	16.41	£19,811	£42,246
	489,894	100.00	£120,753	32.00	100.00	£120,753	£241,507
Surrey CC							£153,188
Hampshire CC							£153,188
							£306,376
Total Contributions:							£547,883

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