

## HAMPSHIRE COUNTY COUNCIL

## Report

<b>Committee/Panel:</b>	Basingstoke Canal Joint Management Committee
<b>Date:</b>	28 June 2018
<b>Title:</b>	Final Accounts 2017/18
<b>Report from:</b>	Report of Honorary Treasurer and Strategic Manager

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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 2017/18.
- 1.2 Net revenue costs are incurred on behalf of the Joint Management Committee by Hampshire County Council (HCC) and financed through partner contributions from both Hampshire and Surrey County Councils and the Riparian district councils. Capital expenditure is currently being funded by Hampshire and Surrey County Councils for specific repairs and improvements.
- 1.3 The final position shows that Canal made a contribution to reserves of £100,020 compared to a forecast contribution in November of £46,336, an improvement of £53,684. This contribution comprises £96,770 from revenue and £3,250 from interest received. Reserves now stand at £586,329, see Appendix D.
- 1.4 The higher than forecast contribution to reserves is mainly due to the postponement of the Tree Survey, budgeted to cost £40,000 and now due to occur in 2018/19, and minor increases in expenditure which have been more than offset by increases in income. Further details are set out in section 2 below.

## 2 Final Accounts 2017/18

- 2.1 The 2017/18 financial statement is set out in Appendix A alongside the 2018/19 budget which is presented for information.
- 2.2 The final revenue expenditure shows a reduction of £22,614 from the forecast in the last report. This variance is broken down by category below with underspends shown as negative figures.

- **Employees [ £1,432 ]**

An additional £1,179 was spent on cover for staff absence and more ranger call outs than were anticipated. Health & Safety training cost £253 more than forecast.

- **Premises [ £4,894 ]**

In order to sustain water levels it was necessary to operate the back pumping system and this led to an increase in electricity consumption costs of £5,249. General refuse cost an extra £622 due to the additional facilities offered to boaters at Bridge Barn and historic billing issues with the refuse operator. Water services cost £128 more than anticipated, although gas consumption costs were £1,105 favourable because of the new, more efficient boiler at the Canal Centre.

- **Canal Maintenance [ -£33,397 ]**

Due to a delay in finalising the HCC Tree Care Policy, the planned trees survey inspection will now not occur until 2018/19 resulting in an underspend of £40,000 in 2017/18. It is planned to draw £40,000 from reserves to cover this expenditure in 2018/19. Much of the planned spend of £14,500 on tree works following the survey inspection was instead diverted to other areas of maintenance including soft bank protection. The 2018/19 canal maintenance budget has funds set aside for tree works following the tree survey inspection.

- **Transport [ -£246 ]**

There were underspends on hire of transport following a change in hire of ranger vans from Surrey County Council (£1,856), staff travel claims (£969) and fuel (£366). However the underspend was mostly offset by an overspend of £2,947 on vehicle repair and maintenance of vans returned to Hampshire County Council.

- **Supplies and Services [ £4,703 ]**

This overspend is due to an increase in IT charges (£1,588) for additional user logons, equipment and memory cards, and £1,159 for CCTV installation at Ash lock to increase security following recent break-ins. There were also additional consultancy fees and associated costs for the campsite development (£2,177).

2.3 The final outturn for income was £29,819 greater than forecast in the last report. This variance is broken down by category below. Negative figures reflect additional income over that which was forecast:

- **General Fees and Charges [ -£18,421 ]**

There has been a general increase in fees and charges income. The function room hire accounted for £5,645 extra income (mostly securing regular long term bookings). Boat licence income was £4,869 higher than expected due to increase in online unpowered sales, the boat rally and visiting boats. It is thought that much of this additional income may be sustainable and so it will be possible to increase forecasts for 2018/19 for the function room hire and boat licenses in due course.

There were £4,308 extra receipts for camping due to exceptionally good weather in late summer and early autumn. Consultancy provision for the Wellesley development secured £3,019 in additional income and there was an extra £900 received for dry dock bookings.

- **Grants & Contributions – Partnership Contributions [ £0 ]**

Partnership contributions have been received as per the budget.

- **Grants & Contributions – Other [ -£4,814 ]**

£2,802 was received from an insurance claim to cover the cost of materials and staff time for repair of a lock damaged by a boater and £1,140 from another insurance claim for a stolen workboat engine which had to be replaced. The Tearoom adjacent to the Canal Centre contributed £620 in respect of electricity costs and £168 was received for tree removal works for a local neighbour of the Canal.

- **Rental Income [ -£1,924 ]**

Garden License income received from Hampshire County Council accounted for £1,693 of this increase. A further £231 was received in extra mooring fees.

- **Sales Income [ -£4,560 ]**

Shop sales have increased by £1,919. Ticket sales have increased for several reasons. Santa Cruises have proved even more popular than last year, generating additional sales (£1,669) due to boats being operated at full capacity (rather than the forecasted 11 out of 12 seats per cruise), unanticipated sales of Christmas presents for babies (who do not take up one of the 12 seats) and an increase in ticket sales for walkers accompanying the group on the cruise (generally last minute sales which are difficult to predict). The Rosebud boat hire has been more popular than expected achieving greater sales of cream teas, chartered cruises and public trips (£598). Unpowered boat hire, general events and the early Easter Bank Holiday accounted for a further £477 in sales.

- **Other Miscellaneous Income [ -£101 ]**

£80 was received for a filming license fee.

### 3 Capital Expenditure Programme

3.1 Appendix B shows the final capital outturn for 2017/18 and the budgeted expenditure for 2018/19.

#### Hampshire County Council

3.2 The Hampshire County Council brought forward balance for capital works was £891,356. During the year £740,769 of this allocation was spent against a forecast in the last report of £856,549.

3.3 The biggest area of spend was on the completion of the Dogmersfield Landslip Repairs (£495,896) and Barley Mow Culvert Replacement project (£58,000) which was let as a single contract.

3.4 £121,464 has been spent on bank protection works throughout the Hampshire section of Canal, completing works commenced in 2016/17 in Surrey.

- 3.5 There is a £115,780 underspend compared to the forecast in November due to uncertainty over the final costs for the restoration to the Dogmersfield Landslip, the non-delivery of Wilks Water culvert repairs, and the Principal Inspection of the River Whitewater aqueduct costing significantly less than the £30,000 budget. £8,000 remains outstanding on the joint (with SCC) order for a telemetry system – the supplier is having difficulty delivering a reliable system, and no further payments are due until this gateway is reached.
- 3.6 A capital budget of £150,586 will be carried forward into 2018/19 from the original £2,000,000 contribution. In February 2018 HCC approved a further £1,500,000 core capital contribution for the Canal over three years, £500,000 for each year 2018/19 to 2020/21. A balance of £170,586 is expected to remain at the end of 2018/19.

### **Surrey County Council**

- 3.7 The Surrey County Council funded capital programme brought forward £546,455 and received another £150,000 in 2017/18 totalling £696,455 of funds. During the year £243,496 of this allocation was spent against a forecast in the last report of £361,026.
- 3.8 £74,903 has been spent on bank repairs, including £19,000 at Ash Wharf. £164,784 has been spent on structural repairs including £74,895 on locks 7 to 11 following the Principal Inspection.
- 3.9 The main reason for the projected underspend of £117,530 is the late running of the Woking Town Wharf project – this was caused by a neighbour requiring additional surveys to be undertaken prior to commencement which resulted in missing the contractor's winter window of availability.
- 3.10 A capital budget of £452,959 will be carried forward into 2018/19 along with a further core contribution of £150,000. Additionally there will be contributions of £96,140 from Woking Borough Council and £12,000 from The Basingstoke Canal Society specifically towards works on the Woking Town Wharf. A balance of £101,586 is expected to remain at the end of 2018/19.

## **4 Special Projects**

- 4.1 Odiham Castle – the carried forward balance of funds stood at £3,148 and £194 was spent on signage and maintenance during 2017/18. £2,954 will be carried forward to 2018/19.
- 4.2 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 – receipts of £6,542 were received in 2017/18. Maintenance work on the grassland is expected to continue under the current agreement until 2022. Receipts will offset the staffing costs incurred by the Canal during 2018/19.

## **5 Reserves**

- 5.1 A detailed breakdown of reserves is shown in Appendix D.
- 5.2 The opening balances for the reserves in 2017/18 were £462,231 Unallocated and £24,078 for Dredging Silt and Disposal, a combined total of £486,309.
- 5.3 A contribution of £46,336 to the Unallocated Reserve was forecast in the last report however the final outturn was a contribution of £100,020. The majority of this increase is due to the delay of the tree inspection survey forecast to cost £40,000 which will now occur in 2018/19. Appendix D shows a draw from reserves in 2018/19 for this purpose.
- 5.4 Total reserves now stand at £586,329 at the end of 2017/18 and are budgeted to be £548,329 at the end of 2018/19.

## **6 Conclusion**

- 6.1 The Basingstoke Canal Authority performed better than forecasted in 2017/18, controlling expenditure and generating additional income which resulted in a contribution to reserves of £100,020.

## **7 Recommendations**

- 7.1 To review and agree the outturn position for the year 2017/18.
- 7.2 To agree a draw of £40,000 in 2018/19 to finance the tree survey originally planned for 2017/18.

## FINANCIAL OUTTURN 2017/18

	Original Budget 2017/18 £	Forecast Outturn Sep-17 £	Final Outturn 2017/18 £	Over/ (Under) Forecast £	Over/ (Under) Orig Budget £	Original Budget 2018/19 £
<b>Expenditure</b>						
Employees	436,066	439,467	440,899	1,432	4,833	456,387
Premises	33,000	33,000	37,894	4,894	4,894	33,000
Canal Maintenance	156,266	161,144	127,747	(33,397)	(28,519)	196,053 *
Principal Survey of Sluices & Weirs	50,000	0	0	0	(50,000)	50,000
Transport	49,800	49,800	49,554	(246)	(246)	49,800
Supplies & Services	45,100	41,600	46,303	4,703	1,203	46,000
Shortfall In Partner Contributions	25,151	25,151	25,151	0	0	25,151
<b>Total Revenue Expenditure</b>	<b>795,383</b>	<b>750,162</b>	<b>727,548</b>	<b>(22,614)</b>	<b>(67,835)</b>	<b>856,391</b>
<b>Income</b>						
General Fees & Charges	97,200	96,705	115,126	18,421	17,926	104,938
Grants & Contributions - Partner	547,682	547,682	547,682	0	0	547,682
Grants & Contributions - other	10,501	10,501	15,315	4,814	4,814	11,100
Rental Income	81,500	77,514	79,438	1,924	(2,062)	86,511
Sales Income	58,500	62,096	66,656	4,560	8,156	66,160
Other Miscellaneous Income	0	0	101	101	101	0
<b>Total Revenue Income</b>	<b>795,383</b>	<b>794,498</b>	<b>824,317</b>	<b>29,819</b>	<b>28,934</b>	<b>816,391</b>
Contribution from/(to) Reserves	0	(44,336)	(96,770)	(52,434)	(96,770)	40,000
<b>Partner Contributions</b>						
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
	<b>547,682</b>	<b>522,531</b>	<b>522,531</b>	<b>0</b>	<b>(25,151)</b>	<b>547,682</b>
<b>General Reserves</b>						
Opening Balance	(486,309)	(486,309)	(486,309)	0	0	(586,329) *
Contribution from/(to) Reserves	0	(44,336)	(96,770)	(52,434)	(96,770)	40,000 *
Interest on Balances	(2,000)	(2,000)	(3,250)	(1,250)	(1,250)	(2,000)
<b>Closing Balance</b>	<b>(488,309)</b>	<b>(532,645)</b>	<b>(586,329)</b>	<b>(53,684)</b>	<b>(98,020)</b>	<b>(548,329)</b>

\* Original Budget 2018/19 amended to reflect delayed tree inspection survey now planned to occur in 2018/19.

	<b>Surrey County Council Countryside</b>	<b>Hampshire County Council Capital Fund</b>	<b>Total</b>
	£	£	£
<b>Balance as at 31<sup>st</sup> March 2017</b>	<b>(546,455)</b>	<b>(891,356)</b>	<b>(1,437,812)</b>
<b>Core Capital Contribution</b>	(150,000)	0	<b>(150,000)</b>
<b>Expenditure</b>			
Bank Works	74,903	675,859	<b>750,761</b>
Water Management	0	0	<b>0</b>
Equipment	0	0	<b>0</b>
Canal Structure	168,594	64,911	<b>233,504</b>
Consultancy	0	0	<b>0</b>
<b>Total cost of works 2017/18</b>	<b>243,496</b>	<b>740,769</b>	<b>984,266</b>
<b>Balance as at 31<sup>st</sup> March 2018</b>	<b>(452,959)</b>	<b>(150,586)</b>	<b>(603,545)</b>
<b>Core Capital Contribution</b>	(150,000)	(500,000)	<b>(650,000)</b>
<b>Contribution from Woking BC*</b>	(96,140)	0	<b>(96,140)</b>
<b>The Basingstoke Canal Society*</b>	(12,000)	0	<b>(12,000)</b>
<b>Expenditure</b>			
Bank Works	136,500	85,800	<b>222,300</b>
Water Management	15,806	17,600	<b>33,406</b>
Equipment	0	0	<b>0</b>
Canal Structure	431,185	319,000	<b>750,185</b>
Contingency	26,022	57,600	<b>83,622</b>
<b>Total cost of planned starts 2018/19</b>	<b>609,513</b>	<b>480,000</b>	<b>1,089,513</b>
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>(101,586)</b>	<b>(170,586)</b>	<b>(272,173)</b>

\* Contribution in relation to the Woking Town Wharf

	Odiham Castle Scheme	HLS Rural Payments Agency SCC	HLS Rural Payments Agency HCC	Total
	£	£	£	£
<b>Balance as at 31st March 2017</b>	<b>(3,148)</b>	<b>0</b>	<b>0</b>	<b>(3,148)</b>
<b>Expenditure</b>				
Grassland Maintenance	0	2,519	6,542	9,061
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	194	0	0	194
HLS Grasslands Income	0	(2,519)	(6,542)	(9,061)
HLS Income	0	0	0	0
HLS Match Funding	0	0	0	0
<b>Balance as at 31st March 2018</b>	<b>(2,954)</b>	<b>0</b>	<b>0</b>	<b>(2,954)</b>
<b>Expenditure</b>				
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	500	0	0	500
HLS Grasslands Income	0	(2,519)	(5,526)	(8,045)
HLS Income	0	0	0	0
HLS Match Funding	0	0	0	0
<b>Balance as at 31st March 2019</b>	<b>(2,454)</b>	<b>0</b>	<b>0</b>	<b>(2,454)</b>



	Unallocated Reserve £	Dredging & Silt Disposal £	General Reserves Total £
<b>Balance as at 31<sup>st</sup> March 2017</b>	<b>(462,231)</b>	<b>(24,078)</b>	<b>(486,309)</b>
Income (Interest on Balances)	(3,250)	0	<b>(3,250)</b>
Transfers From/(To) Reserves	(96,770)	0	<b>(96,770)</b>
<b>Balance as at 31<sup>st</sup> March 2018</b>	<b>(562,251)</b>	<b>(24,078)</b>	<b>(586,329)</b>
Income (Interest on Balances)	(2,000)	0	<b>(2,000)</b>
Projected use of reserve	40,000	0	<b>40,000</b>
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>(524,251)</b>	<b>(24,078)</b>	<b>(548,329)</b>

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