

HAMPSHIRE COUNTY COUNCIL

Report

Committee/Panel:	Basingstoke Canal Joint Management Committee
Date:	26 June 2019
Title:	Final Accounts 2018/19
Report from:	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 2018/19.
- 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 funded by Hampshire and Surrey County Councils.
- 1.3 The final position shows that the Canal made a contribution to reserves of £105,180 compared to a forecast draw from reserves of £6,000 in September, an increase of £111,180. This contribution comprises £99,522 from revenue and £5,658 from interest received. Reserves now stand at £691,509, see Appendix D.
- 1.4 However, there were works totalling £144,750 that were budgeted to be undertaken during the year that have slipped into 2019/20. Had this work been undertaken then the position would have been a £45,229 overspend, reflecting the pressures that underlie the revenue budget. Further details are set out in sections 2 and 5 below.

2 Final Accounts 2018/19

- 2.1 The 2018/19 financial statement is set out in Appendix A alongside the 2019/20 budget which is presented for information.
- 2.2 The final revenue expenditure total shows a reduction of £104,417 from the forecast in the last report. This variance is broken down by category below with underspends shown as negative figures.

- **Employees [-£5,287]**

Further to the previously reported net saving from not filling the Senior Admin role, additional casual hours costing £7,898 were required to cover the busy season and staff leave. A temporary Visitor Services officer joined the team in January incurring an additional spend of £2,551. However, these expenses were more than offset by the saving of £5,453 on the Lock Keeper role which was unfilled from December (it is now filled), training expenses predominantly due to not needing to train the Lock Keeper (the postholder had been in the role and been trained in the previous year) of £5,433 and a reduction in employers past years pension contributions of £3,172. The Senior Admin role saving was also slightly higher than previously estimated, a further reduction in spend of £1,678.

- **Premises [-£2,566]**

Electricity costs were £3,532 over budget following the same trend as recent years. Conversely, the Canal's other premises costs were under budget which can be explained by more efficient usage of gas (£956 underspent) due to a new boiler and lower water/sewerage costs due to adjusted meter readings and a change of supplier totalling £2,908. These budgets will be examined as part of the budget process and any necessary adjustments made. The cost of refuse removal was £2,234 lower than previously forecast as an allowance had been made for additional lifts and fly-tipping which was not required.

- **Canal Maintenance [-£51,319]**

The Inspection of Trees survey will now take place in 2019/20 due to delays with the finalisation of HCC's Tree Care Policy and in arranging the services of a surveyor. A trial survey is currently under way, however the full survey costs of £40,000 and resulting tree works of £41,250 will fall into next financial year. Planned revenue soft bank protection works of £13,500 are now scheduled for next year. These costs will be a draw on reserves of £94,750 in 2019/20.

Offsetting the underspend from project slippage were unplanned Canal Maintenance costs of £43,431 including; additional equipment and tools for rangers and volunteers £10,500; CCTV for the Canal Centre following thefts/vandalism £6,500; compound costs, repairs to the barrier and maintenance costs at the Canal Centre £5,900; principal inspections by SCC engineer and jetty design £5,850; Ash Lock, Deepcut, Woodham pumphouse building costs £3,170; Rosebud and various boat repairs £1,670; embankment survey £1,280; bat survey £1,810 and miscellaneous maintenance costs £3,500.

- **Principal Survey of Sluices & Weirs [-£50,000]**

This survey was not completed as planned in 2018/19 due to difficulties in procuring a supplier with the relevant skills. An eligible supplier has now been found so this expenditure is planned for 2019/20 which will require a draw on reserves of £50,000.

- **Transport [£435]**

A repair cost of £2,785 was incurred due to a vehicle break-in. This expense was partially offset by lower vehicle lease charges following a change of supplier to SCC £2,282.

- **Supplies and Services [£4,529]**

Additional spend of £4,500 is due to 3 years of back-dated payments for people counters at the Canal, a cost that had been incorrectly charged to Hampshire County Council.

- **Campsite Development [-£361]**

Campsite development spend in 2018/19 was £361 lower than forecast. Expenditure was put on hold during the latter part of the year whilst the planning process was underway.

2.3 The final outturn for income was £4,104 greater than the 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 [£4,360]**

Income from fees and charges is lower than previously forecast. The income from Basingstoke Canal Canoe Club was less than expected as the new agreement with the club will be established in 2019/20 instead of 2018/19, which includes the recovery of costs for the portacabin changing rooms/improvement works in 2018/19. This reduction was partially offset by improved boat licence income due to the long, hot summer with increased online purchases and additional navigation fees of £2,154 and by additional long-term bookings of the function room of £2,814.

Grants & Contributions – Other [£8,054]

The insurance claim for replacing the lower lock gate at Lock 18 was £13,614 less than forecast following an adjustment to allow for the depreciation of the gate. There were additional donations, including contributions towards volunteer uniforms and map boards, of £4,124 from the Canal Society which partially offset this variance. Higher Level Stewardship income of £1,472 was accounted for in 2018/19 which had not been previously forecast as this funding had been expected to fall.

Rental Income [-£3,786]

Additional garden licence income received from Hampshire County Council accounted for £1,704 of this increase, with an additional £250 for a wayleave agreement. New mooring fees of £1,832 were also received.

- **Sales Income [-£12,677]**

There were an additional £2,055 of shop sales at the Visitor Centre due to the long, hot summer in 2018/19. For the same reason there were also more bookings for the Rosebud boat trips (£2,147) and a substantial increase in income from unpowered boat hire generating a further £5,577. There were more Santa Cruise sales which with an uplift in ticket prices resulted in additional revenue of £2,576. There were also more sales of seasonal trail activities this year totalling £161.

3 Capital Expenditure Programme

3.1 Appendix B shows the final capital outturn for 2018/19 and the budgeted expenditure for 2019/20.

Hampshire County Council

- 618 3.2 The Hampshire County Council brought forward balance for capital works was £150,586 with an additional £500,000 capital contribution approved by HCC for financial year 2018/19. During the year £107,117 of this allocation was spent against a forecast in the last report of £480,000.
- 3.3 £41,244 has been spent on general bank protection works throughout the Hampshire section of the Canal with an additional £42,660 expenditure on the Laffan's Road leak repairs. £620 of fees have been charged to the Dogmersfield Landslip Project which was mainly completed in 2017/18. £13,019 has been spent on preparatory surveying and engineering advice at Swan Bridge, North Warnborough, and £9,378 was similarly spent on the Crookham Deep embankment project. £196 has been spent on culvert repair fees.
- 3.4 The underspend of £372,883 compared to September's forecast is due a combination of factors including the available relevant staffing resource; the complex technical nature of the projects being undertaken; the permissions and consents that are required from third parties both regulatory (such as Environment Screening, Planning Consent and EA Environment Permits) and from adjoining owners; and the difficulties in procuring appropriate contractors. For example, at Crookham Deep expenditure was £220,622 lower than forecast due to the need to create a silt lagoon at the site which will require planning permission. Furthermore, £60,000 of planned structural works to Weirs and Sluices have not taken place this year due to difficulties in procuring an appropriate supplier to complete the principal survey (see item 2.2).
- 3.5 A capital budget of £543,469 will therefore be carried forward into 2019/20. A further £500,000 core capital contribution has been made available to the Canal from HCC in 2019/20. If programmed works do go ahead as planned, a balance of £35,469 will remain at the end of 2019/20. However, for the reasons stated in paragraph 3.4 above, it is likely that the Capital Programme will see further slippage. The payments profile will be examined as part of the budget process and reported back to this Committee at its next meeting.

Surrey County Council

- 3.6 The Surrey County Council funded capital programme brought forward a balance of £452,959 in addition to a £25,220 2017/18 revenue transfer funding from the BCA and a further core contribution from SCC of £150,000. Additionally, there were contributions of £96,140 from Woking Borough Council and £12,000 from the Basingstoke Canal Society specifically towards works on the Woking Town Wharf. During the year £426,441 of this allocation was spent against a forecast in the last report of £624,463.
- 3.7 £88,918 has been spent on bank repairs throughout the Surrey section of the Canal. £332,523 has been spent on structural repairs; including £104,949 repairing Locks 18-23 following the principal inspection; £157,876 was spent in year to complete the Woking Town Wharf project – offsetting this are contributions from Woking Borough Council and the Canal Society as noted above; £20,410 for the lock gate cyclical replacement programme; £38,419 of engineering consultancy spend on other projects; £1,500 on culvert repairs and £5,000 for signage works. There was also £5,000 contingency spend on additional repairs to Locks 18-23.

- 3.8 The underspend of £198,022 compared to September's forecast is due to similar factors that delayed the Hampshire County Council capital programme (see paragraph 3.4). For example, the works on Scotland Bridge car park have been deferred, with expenditure £55,000 lower than forecast, as senior staff have all been required to work on other higher priority projects; the planned expenditure of £40,000 did not take place at Deepcut Depot as SCC Estates have not re-secured the lease of the property; additionally, the planned £55,000 spend for Weirs and Sluices did not take place due to difficulties in procuring an appropriate supplier (see paragraph 2.2).
- 3.9 A capital budget of £309,878 will be carried forward into 2019/20 along with a further core contribution of £150,000. Budgeted works for 2019/20 are £380,390 with a balance of £79,488 expected to remain at the end of the year.

4 Special Projects

- 4.1 Odiham Castle – the carried forward balance of funds stood at £2,954 and no further expenditure was made during 2018/19. Therefore, £2,954 will be carried forward to 2019/20.
- 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 £5,526 were received in 2018/19 which were offset against the staffing costs incurred by the Canal. Maintenance work on the grassland is expected to continue under the current agreement until 2022.

5 Reserves

- 5.1 A detailed breakdown of reserves is shown in Appendix D.
- 5.2 The opening balances for reserves in 2018/19 were an Unallocated Reserve of £562,251 and a Dredging and Silt Disposal Reserve of £24,078, a combined total of £586,329.
- 5.3 No draw was made against the Dredging Reserve during the year and so the closing balance remained at £24,078.
- 5.4 A draw of £6,000 from the Unallocated Reserve was forecast in the last report however the final outturn was a contribution of £105,180. Most of this increased contribution to reserves was due to project slippage in 2018/19 (see table below) offset by unplanned Canal Maintenance costs of £43,431 (see paragraph 2.2).

	£
Tree inspection survey	40,000
Tree works resulting from the survey	41,250
Soft bank protection works	13,500
Survey of sluices and wiers	50,000
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Total	144,750
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5.5 As at the end of 2018/19, the Unallocated Reserve stands at £667,431. However, the works above must be undertaken and whilst every effort will be made to absorb some within the annual revenue budget it is currently expected that the full £144,750 will be drawn from the reserve during 2019/20. This, after anticipated interest of £5,658, leaves a projected year end balance of £528,339.

6 Conclusion

6.1 Whilst every effort is being made to control expenditure and generate additional income the Authority is under financial pressure and would have overspent had expenditure not slipped into the current financial year.

7 Recommendations

7.1 To review and agree the outturn position for the year 2018/19.

7.2 To note the effect of the slipped expenditure on the Unallocated Reserves.

**BASINGSTOKE CANAL
FINANCIAL OUTTURN 2018/19**

APPENDIX A

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	Original Budget 2018/19 £	Forecast Outturn Sep-18 £	Final Outturn 2018/19 £	Over/ (Under) Forecast £	Over/ (Under) Orig Budget £	Original Budget 2019/20 £
Expenditure						
Employees	456,000	442,000	436,713	(5,287)	(19,287)	462,000
Premises	33,000	33,000	30,434	(2,566)	(2,566)	33,000
Canal Maintenance	196,000	213,000	161,681	(51,319)	(34,319)	189,000
Principal Survey of Sluices & Weirs	50,000	50,000	0	(50,000)	(50,000)	
Transport	50,000	43,000	43,435	435	(6,565)	45,000
Supplies & Services	46,000	45,000	49,529	4,529	3,529	47,000
Campsite Development		4,000	3,639	(361)	3,639	0
Shortfall In Partner Contributions	25,000	25,000	25,151	151	151	25,000
Total Revenue Expenditure	856,000	855,000	750,583	(104,417)	(105,417)	801,000
Income						
General Fees & Charges	105,000	127,000	122,640	(4,360)	17,640	105,000
Grants & Contributions - Partner	548,000	548,000	547,682	(318)	(318)	548,000
Grants & Contributions - other	11,000	55,000	46,946	(8,054)	35,946	11,000
Rental Income	86,000	45,000	48,786	3,786	(37,214)	64,000
Sales Income	66,000	71,000	83,677	12,677	17,677	73,000
Other Miscellaneous Income	0	0	373	373	373	0
Total Revenue Income	816,000	846,000	850,104	4,104	34,104	801,000
Contribution from/(to) Reserves	40,000	9,000	(99,522)	(108,522)	(139,522)	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	(586,329)	(586,329)	(586,329)	0	0	(691,509)
Contribution from/(to) Reserves	40,000	9,000	(99,522)	(108,522)	(139,522)	0
Interest on Balances	(2,000)	(3,000)	(5,658)	(2,658)	(3,658)	(3,000)
Closing Balance	(548,329)	(580,329)	(691,509)	(111,180)	(143,180)	(694,509)

	Surrey County Council Countryside	Hampshire County Council Capital Fund	Total
	£	£	£
Balance as at 31st March 2018	(452,959)	(150,586)	(603,545)
Adjustment: Transfer from 17/18 BCA Revenue *	(25,220)		
Core Capital Contribution	(150,000)	(500,000)	(650,000)
Contribution from Woking BC**	(96,140)	0	(96,140)
The Basingstoke Canal Society**	(12,000)	0	(12,000)
Expenditure			
Bank Works	88,918	97,543	186,461
Water Management	0	0	0
Equipment	0	0	0
Canal Structure	332,523	9,574	342,097
Contingency	5,000	0	5,000
Total cost of works in 2018/19	426,441	107,117	533,558
Balance as at 31st March 2019	(309,878)	(543,469)	(853,347)
Core Capital Contribution	(150,000)	(500,000)	(650,000)
Expenditure			
Bank Works	59,500	258,500	318,000
Water Management	725	248,600	249,325
Equipment	70,000	70,000	140,000
Canal Structure	233,310	309,100	542,410
Contingency	16,855	121,800	138,655
Total cost of planned starts 2019/20	380,390	1,008,000	1,388,390
Balance as at 31st March 2020	(79,488)	(35,469)	(114,957)
Core Capital Contribution	(150,000)	(500,000)	(650,000)
Expenditure			
Bank Works	50,000	55,000	105,000
Water Management	5,796	302,500	308,296
Equipment	0	0	0
Canal Structure	139,810	93,500	233,310
Contingency	13,031	61,500	74,531
Total cost of planned starts 2020/21	208,637	512,500	721,137
Balance as at 31st March 2021	(20,851)	(22,969)	(43,820)

* Funding from BCA for Soft Bank Works

** Contribution in relation to the Woking Town Wharf

	Odiham Castle Scheme £	HLS Rural Payments Agency SCC £	HLS Rural Payments Agency HCC £	Total £
Balance as at 31st March 2018	(2,954)	0	0	(2,954)
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 2019	(2,954)	0	0	(2,954)
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	2,954	0	0	2,954
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 2020	0	0	0	0

Basingstoke Canal Reserves 2018/19 & 2019/20

APPENDIX D

	Unallocated Reserve	Dredging & Silt Disposal	General Reserves Total
	£	£	£
Balance as at 31st March 2018	(562,251)	(24,078)	(586,329)
Income (Interest on Balances)	(5,658)	0	(5,658)
Transfers From/(To) Reserves	(99,522)	0	(99,522)
Balance as at 31st March 2019	(667,431)	(24,078)	(691,509)
Income (Interest on Balances)	(5,658)	0	(5,658)
Projected use of reserve	144,750	0	144,750
Balance as at 31st March 2020	(528,339)	(24,078)	(552,417)