

<b>Committee/Panel:</b>	Basingstoke Canal Joint Management Committee
<b>Date:</b>	5 June 2013
<b>Title:</b>	Final Accounts 2012/13
<b>Report From:</b>	Report of the Honorary Treasurer

**Contact name:** Jane Lovett, Deputy Finance Business Partner, Hampshire County Council

**Tel:** 01962 847518 **Email:** Jane.lovett@hants.gov.uk

## 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 2012/13.
- 1.2. Net revenue costs are incurred by Hampshire County Council (HCC) and recharged to Surrey County Council (SCC) and the Riparian Districts in the manner agreed by the Joint Management Committee. Capital expenditure is met from the reserve account which was established to hold revenue balances and capital contributions.
- 1.3. In 2012/13 the Basingstoke Canal has made a contribution of £195,000 to the reserves. There were several one-off reasons for this contribution to reserves which are unlikely to occur in future years, however it does put the Canal in a relatively good financial position. In summary the trading position is as follows:

	<b>£000's</b>
Income (Partner Contrib's & Trading Income)	769
Expenditure	<u>574</u>
<b>Contribution to reserves</b>	<b><u>195</u></b>

## 2. Final Accounts 2012/13

- 2.1. The 2012/13 financial statement set out in Appendix A shows a net contribution of £195,000, an overall increase of £121,000 against the revised budget and an increase of £68,000 on the forecast outturn position reported in February 2013.
- 2.2. The gross revenue expenditure of £574,000 is £65,000 less than the revised budget and £25,000 less than reported in the forecast outturn in February 2013, with only transport expenditure being over spent. The comparison expenditure against the outturn forecast is detailed below:

- **Employees (-£5,000)**

The final outturn shows a further saving on employment cost since the forecast in February. This is due to savings made through not replacing the vacant Ranger position until April 2013 and the pension termination costs for the Canal Director being covered by HCC.

- **Premises and Canal Maintenance (-£20,000)**

The Canal maintenance budget is underspent against the forecast outturn by £16,000 for the year. This is due to work being undertaken to ensure the navigation was opened by April taking precedent over planned maintenance work. This work will be carried forward and completed in 2013/14. The premises budget is underspent by £4,000, due to savings against electricity, water and refuse collection, with an offsetting overspend on general maintenance due to additional costs incurred for the installation of the barrier and repairs to the frontage path at the Canal Centre.

- **Transport (£4,000)**

Fuel costs were slightly higher than anticipated, leading to an overspend of £2,000 on fuel cost for the year against the forecast outturn. Additional charges incurred on the return of vehicles to Hampshire Transport Management caused a further overspend of around £1,500 with small under and overspends accounting for the remaining difference.

- **Supplies and Services (-£5,000)**

Further savings have been made against the forecast outturn on credit card facility costs due to lower than anticipated charges for an additional mobile handset of £1,000, IT/telephone charges of £2,000 and the purchasing of additional Yurt covers, rather than an additional Yurt giving savings of £3,000. A Budget Virement from Employees relating to the Joint research project have resulted in an underspend of around £3,000. Contribution towards the Hampshire and Surrey Rural Payments Agency Higher Level Stewardship (HLS) projects not previously accounted for of £4,000, offsetting some of the savings made under this heading.

- 2.3. The final position shows that all earned income has now been received or accrued for within the accounts. Accruals have been raised for fibre optic rent, tea room rent and garden licences for income not yet received from SCC.
- 2.4. Operating income exceeded the forecast outturn expectations, with additional income totalling £43,000. The main increases include camping, function room hire, boating licence receipts, income from the sale of land at Crookham Road and funds expected to be received from SCC linked to the Fibre Optic cabling. Interest was received on balances held by HCC paid at the agreed rate of 0.25%, totalled £1,766 for 2012/13.

- 2.5. Partner contributions were received at the revised budget level of £516,000, although this reflects a shortfall in some partner contributions against the original funding formula.

### **3. Capital Expenditure Programme**

- 3.1. The current position on the main capital schemes is shown in Appendix B. The table includes the final outturn of costs and income for the year and the residual balances for each scheme.
- 3.2. Capital works on the Surrey section being undertaken as a result of the Principal Asset Condition Surveys are almost complete, but are showing an overspend of £2,000 against the original budget of £758,000 with some work still remaining at Ash Vale and St John's. The overspend and remaining work will be funded by the next tranche of Surrey Capital.
- 3.3. Work on the Hampshire section is continuing into 2013/14 with a residual balance of £115,000 remaining against the original budget of £872,000. Culvert and Soft bank protection work have been planned in various locations and all work is due to be completed by the end of the present Term Contract in July 2013.
- 3.4. A balance of £22,000 remains in the Emergency fund provided by HCC in 2009/10 for priority repair works in case of a breach. No work was paid for from this fund during 2012/13.
- 3.5. Funds received from the sale of properties of £398,000 have been included in the Hampshire capital fund and a decision has yet to be made as to how the funds will be spent.
- 3.6. A further £2 million has been approved by both SCC and HCC to continue with the capital works required along the Canal.

### **4 Special projects**

- 4.1. Below is the current position on the externally funded special projects currently managed by the Canal and shown in Appendix B.
- Rushmoor TAG Project – £26,000 was spent on towpath repairs during 2012/13 with the remaining £200 being carried forward into 2013/14.
  - Odiham Castle – no funding has been spent during 2012/13 and additional funds of £1,000 have been received. A balance of £3,600 has been carried forward to 2013/14.
  - HLS Rural Payments Agency – Contributions have been made by the Canal of £1,000 for Surrey and £3,000 for Hampshire, towards the Farm Environment Plan costs for each section. A balance of £2,500 received for grassland maintenance in the Surrey section has been carried forward into 2013/14 and will be offset against future project costs.

- Mychett to Frimley Towpath – the full amount of funding carried forward from 2011/12 of £16,000 was spent on bank protection and repair work during 2012/13.

## **5 Reserves**

- 5.1. The general reserves have increased in 2012/13 by £195,000 to £291,000. A detailed breakdown of these reserves is in Appendix C.
- 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.

## **6 Conclusion**

- 6.1. This report shows that despite the economic climate the Canal has managed to both exceed its income targets and reduce costs during 2012/13. This has been helped by a number of exceptional one-off savings and income receipts, namely the release of funds from HCC budgeted to meet additional Pension costs, a one off donation from the late Shirley Trott and additional fibre optic funds from Surrey which were not budgeted for.
- 6.2. The Canal continues to maintain good standards, through the current period of financial pressures, following the implementation of the new staffing structure. 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 current final outturn for 2012/13 as set out in Appendix A.
- 2 That all Partner authorities be urged to make their full contributions and to honour the agreed scale contributions for 2013/14.