

## HAMPSHIRE COUNTY COUNCIL

## Report

<b>Committee/Panel:</b>	Basingstoke Canal - Joint Management Committee
<b>Date:</b>	18 November 2020
<b>Title:</b>	Final Accounts 2019/20
<b>Report from:</b>	Report of Honorary Treasurer and Strategic Manager

7/20

**Contact name:** Jenny Wadham, Honorary Treasurer, Hampshire County Council  
James Taylor, Strategic Manager Basingstoke Canal

**Tel:** 03707 798929 / 01483 517538      **Email:** [jennifer.wadham@hants.gov.uk](mailto:jennifer.wadham@hants.gov.uk) / [james.taylor@surreycc.gov.uk](mailto:james.taylor@surreycc.gov.uk)

## 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 2019/20. It was emailed in advance to Members in June as the planned meeting was cancelled due to Covid-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 (SCC) 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 confirms that the Canal made a contribution to reserves of £109,658. This comprises £22,706 from the revenue account, £6,952 from interest received and an £80,000 commuted sum received for Wellesley towpath maintenance works for which a new ring-fenced reserve was created. This is a movement of £199,858 from the mid-year forecast which showed a net £90,200 draw on reserves. Total reserves now stand at £801,167, (see Appendix D).
- 1.4 Apart from the new Wellesley reserve of £80,000, the increased contribution to reserves is mainly due to works totalling £93,128 that were budgeted to be undertaken during the year (see table in Section 5.5) but have slipped into 2020/21. Had this work been undertaken then the revenue account would have overspent by £70,000 which reflects the pressures within the budget.

## 2 Final Accounts 2019/20

- 2.1 The 2019/20 financial statement is set out in Appendix A alongside the 2020/21 budget which is presented for information.
- 2.2 The final revenue expenditure total shows a reduction of £48,596 from the forecast in the last report. This variance is broken down by category below with underspends shown as negative figures.

- **Employees [ -£7,767 ]**

Pay costs were £5,000 lower than forecast due to the Visitor Services Officer leaving the team in February and the allowance for the Lockkeeper not being fully utilised). Pension costs for current and past employees were £2,441 lower than budgeted.

- **Premises [ -£5,787]**

Electricity payments were £2,850 lower than forecast as the Frimley pumping system has not been operational since July 2018. The pumping system was previously blocked which could explain the higher than expected electricity costs last year. Gas spending was £758 under budget due to the more efficient gas boiler installed last year. Water and sewerage costs were also £3,250 below the mid-year projection, a change to the water supply contract late in 2018/19 has resolved the previous billing issues. These savings were partially offset by higher general refuse costs of £1,072 due to unplanned bills for asbestos removal and to clean up pollution and fly-tipping at the Canal.

- **Canal Maintenance [ £15,030]**

There was a slippage in planned works and lower than expected spend on repairs and equipment. The Brookwood re-deck £33,000 and safety signage for the towpath £3,427 have been rescheduled to 2020/21 because of capacity issues. Maintenance on the Culvert at Woodham Junction £2,500 has also been deferred. An additional £8,000 was spent on Soft Bank protection works.

Expenditure on minor embankment works cost £2,205 less than the mid-year forecast, and repairs to the play area also cost £1,824 less than expected; purchases of equipment were £5,093 lower than anticipated and planned spend for emergency call-out fees £3,403 was not required.

Expenditure that was incurred by the two Counties in their capital budgets was charged to revenue to meet accounting requirements. Transfers from their capital allocations were made to offset this expenditure so there has not been any financial impact on the BCA revenue budget. The works covered were the equipment for the major refit of the BCA dredger vessel 'Unity' £10,000 (HCC and SCC £5,000 each), engineering works at Ash Lock £26,054 (HCC) and the new set of lock gates at the dry dock £18,211 (SCC).

- **Principal Survey Work [-£59,720]**

The principal inspection for weirs and sluices has taken place and a stage payment of £14,731 has been made. The balance of £21,269 will need to be carried forward to pay for the report when it is received next year. The delay in completing the survey has caused slippage to the Canal capital programme. The principal inspection of locks was completed in-year costing £1,688 more than the original estimate.

A pilot Tree Inspection Survey was undertaken, but due to capacity issues the full survey has been delayed and the remaining funds of £38,859 will need to be carried forward to 2020/21. Tree works at the Canal Centre have taken place at a cost of £3,720, which is £1,280 lower than the mid year forecast.

- **Transport [ £533]**

Electric charging points have been installed at the Canal in preparation for the Rangers' new electric vans at a cost of £2,327. This cost was partially offset by lower than

anticipated repair costs of £1,800 as two vehicles at the end of their lease from Hampshire Transport Management (HTM) were not returned this year due to the Covid-19 lockdown.

- **Supplies and Services [ £5,528 ]**

Expenditure of £2,644 on furniture and £4,581 on updating IT equipment was required to create extra desk space to accommodate changes in working and additional members of staff. This was partially offset by the use of funding from the “Share the Space” initiative £2,109 which paid for publicity drops in the local area.

7/20

- **Campsite Development [ £3,435]**

This increase in spend represents the fees incurred on the Camping Bid process of £2,695 and the £540 fee for the Construction Environmental Management Plan of the campsite.

2.3 The final outturn for income was £68,110 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 [ -£1,631]**

Higher than anticipated campsite fees of £2,616 were received as a good late season made up for a disappointing June, more repeat bookings of the function room resulted in an additional £1,650 (despite losing March income due to Covid-19) and an increase in canoe and kayak licences of £1,836. Receipt of the Reading Road income of £4,000 was delayed due to the Covid-19 lockdown but will be collected in the 2020-21 financial year.

- **Contribution from capital – [-£54,265]**

This is the capital contribution from the two Counties as discussed in the Canal Maintenance section above.

- **Grants & Contributions – Other [-£8,680]**

The new lock gates at the Dry Dock which were funded from the SCC capital budget were initially delivered the incorrect size. A receipt of £4,200 was accepted from the manufacturers to reimburse the delivery costs.

A fee of £2,750 was issued for the tow path closure caused by works on a railway bridge and following a review of the HLS Rural Payments, an accrual of £1,517 was processed to adjust for a 2017-18 payment not yet received from Hampshire County Council.

- **Rental Income [ -£1,781]**

Income from mooring fees was higher than the mid-year forecast by £1,781 but have been significantly impacted this year by the ongoing works to complete the Farnborough moorings.

- **Sales Income [ -£2,074]**

There was an overachievement of sales income due to higher than anticipated Santa Cruise ticket sales £1,432 and shop sales £168. General events such the use of the towpath for fun runs generated an additional £400.

### **3 Capital Expenditure Programme**

- 3.1 Appendix B shows the final capital outturn for 2019/20 and the budgeted expenditure for 2020/21.

#### **Hampshire County Council**

- 3.2 The Hampshire County Council brought forward balance for capital works was £543,469 with an additional £500,000 capital contribution approved by HCC for financial year 2019/20. During the year £88,670 of this allocation was spent against a forecast in the last report of £289,250 (see Appendix B).
- 3.3 £36,929 has been spent on general bank protection works throughout the Hampshire section of the Canal. £32,529 has been spent on engineering consultancy and survey work at Swan Bridge, North Warnborough, and £19,213 was spent on similar survey and engineering costs at the Crookham Deep embankment project.
- 3.4 The underspend of £200,850 compared to September's forecast is due to the combination of factors reported previously including the available relevant staffing resource; the complex technical nature of the projects being undertaken and 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. Furthermore, £55,000 of planned structural works to Weirs and Sluices have not taken place this year due to delays in procuring an appropriate supplier to complete the principal survey (see paragraph 2.2) and the resultant delay in obtaining their final report.
- 3.5 Taking into account the capital budget transferred to cover expenditure classified as revenue, a capital budget of £923,775 will be carried forward into 2020/21. A further £500,000 core capital contribution has been made available to the Canal from HCC in 2020/21. If programmed works do go ahead as planned, a balance of £1,048,150 will remain at the end of 2020/21. 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 2020/21 budget process.

#### **Surrey County Council**

- 3.6 The Surrey County Council funded capital programme brought forward a balance of £309,878 in addition to a further core contribution from SCC of £150,000. During the year £254,472 of this allocation was spent against a forecast in the last report of £342,135.
- 3.7 £88,734 has been spent on bank repairs throughout the Surrey section of the Canal. £165,738 has been spent on structural repairs; including £147,082 repairing Locks 24-28 following the principal inspection and Lock 10 following the reoccurrence of a leak in the chamber wall; offsetting this is a contribution of £20,000 from the BCA maintenance budget to offset the works at Lock 10 and other minor items carried out by the SCC lock repair contractor. Engineering resource to cover these programmes cost £39,448.

- 3.8 A number of projects have been deferred in-year for similar reasons to the Hampshire County Council programme. For example, the works on Scotland Bridge car park have been deferred again until 2021, as senior staff have all been required to work on other higher priority projects and the planned Project Officer has not been recruited by the BCA due to the Covid-19 pandemic; 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 SCC have changed the methodology for calculating capital budgets and no longer automatically carry forward underspends. For 2020/21 SCC has allocated a capital budget of £285,000 consisting of £41,000 of carry-forward (from the £2m allocated in 2013), a further core contribution of £150,000 and £94,000 reprofiled from items deferred in 2019/20. A further £67,000 of carry-forward from 2019/20 has been deferred until 2021/22, when there will also be a further £150,000 allocation.

#### 4 Special Projects

- 4.1 Odiham Castle – the 2019/20 carried-forward balance was £2,954 and £652 of expenditure was made on hedging during the year. Therefore, £2,302 will be brought forward to 2020/21.
- 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. Maintenance work on the grassland continues under the current agreement until October 2021.

##### Hampshire - HLS Rural Payments Agency

Annual Grass and Woodland Maintenance – £5,350 was received for 2019/20 and an accrual of £1,518 raised (to adjust for a shortfall of funding from 2017/18) which were offset against the staffing costs incurred by the Canal. Maintenance work on the grassland/woodland continues under the current agreement until November 2022.

#### 5 Reserves

- 5.1 A detailed breakdown of reserves is shown in Appendix D.
- 5.2 The opening balances for the reserves in 2019/20 were an Unallocated Reserve of £667,431 and a Dredging & Silt Disposal Reserve of £24,078, a combined total of £691,509.
- 5.3 A sum of £80,000 for Wellesley towpath maintenance was received from a housing developer for the maintenance of the towpath in the Aldershot/Farnborough area over a 25-year period. A ringfenced reserve has been established for this purpose.
- 5.4 No draw was made against the Dredging & Silt Disposal Reserve during the year and so the closing balance remains at £24,078.

5.5 The mid-year report forecast a draw of £90,200 from the Unallocated Reserve, however the final outturn was a contribution of £29,658. Most of the £119,858 movement can be explained by project slippage (see table below). However, lower than forecast spend in some areas as well as additional income receipts (see Section 2 for details) also contributed to the increase in the reserve.

<b>Slipped expenditure:</b>	<b>£</b>
Survey of sluices and weirs	21,269
Tree inspection survey	38,859
Brookwood re-deck	33,000
<b>Total</b>	<b>93,128</b>

5.6 As at the end of 2019/20 the Unallocated Reserve has a balance of £697,089. with a budgeted draw from the reserve of £36,000 in 2020/21. However, the slipped works above must be undertaken. Should the full £93,128 for these works and the planned draw of £36,000 be required from the reserve during 2020/21, this would bring the projected draw to £129,128. After anticipated interest received of £3,500 this would leave a balance as at 31 March 2021 of £571,461.

5.7 In summary, as at 31<sup>st</sup> March 2020 total reserves now stand at £801,167.

## 6 Conclusion

6.1 There is a continued effort made to contain expenditure and increase income. However, as it can be seen from this report the Authority is under financial pressure and if all the works that were planned had been undertaken would have overspent. The impact of Covid 19 will be significant on the 2020/21 budget and the implications of this will be covered in the Forward Budget report.

## 7 Recommendations

7.1 To review and agree the outturn position for the year 2019/20.

7.2 To note the likely draw on reserves due to slipped expenditure.

**BASINGSTOKE CANAL  
FINANCIAL OUTTURN 2019/20**

APPENDIX A

	<b>Original Budget 2019/20 £</b>	<b>Forecast Outturn Sep-19 £</b>	<b>Final Outturn 2019/20 £</b>	<b>Over/ (Under) Forecast £</b>	<b>Over/ (Under) Orig Budget £</b>	<b>Original Budget 2020/21 £</b>
<b>Expenditure</b>						
Employees	462,000	462,000	454,233	(7,767)	(7,767)	492,000
Premises	33,000	33,000	27,213	(5,787)	(5,787)	32,000
Canal Maintenance	189,000	207,000	222,030	15,030	33,030	161,000
Principal Survey of Sluices & Weirs		87,000	27,280	(59,720)	27,280	61,000
Transport	45,000	42,000	42,533	533	(2,467)	45,000
Supplies & Services	47,000	55,000	60,528	5,528	13,528	51,000
Campsite Development		2,000	5,435	3,435	5,435	0
Shortfall In Partner Contributions	25,000	25,000	25,151	151	151	25,000
<b>Total Revenue Expenditure</b>	<b>801,000</b>	<b>913,000</b>	<b>864,404</b>	<b>(48,596)</b>	<b>63,404</b>	<b>867,000</b>
<b>Income</b>						
General Fees & Charges	105,000	117,000	118,631	1,631	13,631	124,000
Grants & Contributions - Partner	548,000	548,000	547,682	(318)	(318)	548,000
Grants & Contributions - Transfer from Capital	0	0	54,265	54,265	54,265	0
Grants & Contributions - Other	11,000	20,000	28,680	8,680	17,680	18,000
Rental Income	64,000	48,000	49,781	1,781	(14,219)	62,000
Sales Income	73,000	86,000	88,074	2,074	15,074	79,000
Other Miscellaneous Income	0	0	(3)	(3)	(3)	0
<b>Total Revenue Income</b>	<b>801,000</b>	<b>819,000</b>	<b>887,110</b>	<b>68,110</b>	<b>86,110</b>	<b>831,000</b>
Contribution from/(to) Reserves	<b>0</b>	<b>94,000</b>	<b>(22,706)</b>	<b>(116,706)</b>	<b>(22,706)</b>	<b>36,000</b>
<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	(691,509)	(691,509)	(691,509)	0	0	(601,309)
Contribution from/(to) Reserves	0	94,000	(102,706)	(196,706)	(102,706)	36,000
Interest on Balances	0	(3,800)	(6,952)	(3,152)	(6,952)	(3,500)
<b>Closing Balance</b>	<b>(691,509)</b>	<b>(601,309)</b>	<b>(801,167)</b>	<b>(199,858)</b>	<b>(109,658)</b>	<b>(568,809)</b>

7/20

**Basingstoke Canal - Budgeted Capital Projects 2019 - 2021****APPENDIX B**

	Surrey County Council Countryside £	Hampshire County Council Capital Fund £	Total £
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>(309,878)</b>	<b>(543,469)</b>	<b>(853,347)</b>
<b>Core Capital Contribution</b>	<b>(150,000)</b>	<b>(500,000)</b>	<b>(650,000)</b>
<b>Transfer to BCA Revenue Budget</b>	<b>23,211</b>	<b>31,054</b>	<b>54,265</b>
<b>Expenditure</b>			
Bank Works	88,734	69,457	158,191
Water Management			0
Equipment			0
Canal Structure	165,738	19,213	184,951
Contingency			0
<b>Total cost of planned starts 2019/20</b>	<b>254,472</b>	<b>88,670</b>	<b>343,142</b>
<b>Balance as at 31<sup>st</sup> March 2020*</b>	<b>(182,195)</b>	<b>(923,745)</b>	<b>(1,105,940)</b>
<hr/>			
<b>Core Capital Contribution</b>	<b>(285,000)</b>	<b>(500,000)</b>	<b>(785,000)</b>
<b>Expenditure</b>			
Bank Works	64,000	38,500	102,500
Water Management	1,000	48,950	49,950
Equipment	0	0	0
Canal Structure	210,000	243,100	453,100
Contingency	10,000	45,075	55,075
<b>Total cost of planned starts 2020/21</b>	<b>285,000</b>	<b>375,625</b>	<b>660,625</b>
<b>Balance as at 31<sup>st</sup> March 2021</b>	<b>0</b>	<b>(1,048,120)</b>	<b>(1,048,120)</b>

\* SCC y/e Balance not carried forward to 2020/21

	Odiham Castle Scheme	HLS Rural Payments Agency SCC	HLS Rural Payments Agency HCC	Total
	£	£	£	£
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>(2,954)</b>	<b>0</b>	<b>0</b>	<b>(2,954)</b>
<b>Expenditure</b>				
Grassland Maintenance	0	2,519	6,868	9,387
Special Projects	0	0	0	0
Bank Repairs	0	0	0	0
Consultancy	0	0	0	0
Tree Work	652	0	0	652
Signage & maintenance	0	0	0	0
HLS Grasslands Income	0	(2,519)	(6,868)	(9,387)
HLS Income	0	0	0	0
HLS Match Funding	0	0	0	0
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>(2,302)</b>	<b>0</b>	<b>0</b>	<b>(2,302)</b>

7/20

	Unallocated Reserve	Dredging & Silt Disposal	Wellesley Reserve	General Reserves Total
	£	£	£	£
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>(667,431)</b>	<b>(24,078)</b>		<b>(691,509)</b>
Income (Interest on Balances)	(6,952)	0		(6,952)
Transfers From/(To) Reserves	(22,706)	0	(80,000)	(102,706)
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>(697,089)</b>	<b>(24,078)</b>	<b>(80,000)</b>	<b>(801,167)</b>
Income (Interest on Balances)	(3,500)	0	0	(3,500)
Projected use of reserve	36,000	0	0	36,000
<b>Balance as at 31<sup>st</sup> March 2021</b>	<b>(664,589)</b>	<b>(24,078)</b>	<b>(80,000)</b>	<b>(768,667)</b>

This page is intentionally left blank