

HAMPSHIRE COUNTY COUNCIL**Report**

Committee/Panel:	Basingstoke Canal - Joint Management Committee
Date:	26 November 2021
Title:	Final Accounts 2020/21, Forecast Outturn 2021/22, Forward Budget 2022/23
Report from:	Report of Honorary Treasurer and Strategic Manager

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Purpose of this Report

1. The purpose of this report is to present the final accounts of the Basingstoke Canal for the year ended 31 March 2021, the forecast outturn for the year ending 31 March 2022 as at September 2021, and the Forward Budget for the year ending 31 March 2023 to the Joint Management Committee for approval.

Recommendations

2. That the final accounts for the 2020/21 financial year be approved by the Committee.
3. That the Committee approves the revised budget for the 2021/22 financial year.
4. That the Committee notes the forecast outturn for the 2021/22 financial year.
5. That the Committee approves the forward budget for the 2022/23 financial year.

Executive Summary

6. The net revenue costs of the Basingstoke Canal are incurred on behalf of the Joint Management Committee by Hampshire County Council (HCC) and financed through partner contributions from 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.

7. The final outturn position for the year to 31 March 2021 shows a contribution to reserves of £32,336, comprising of a £31,325 surplus on revenue activities and £1,011 from interest received.
8. The £32,336 contribution represents a significant improvement on the budgeted £36,000 draw and £92,000 draw forecast as of September 2020, however, this is mainly due to further delays to works totalling £92,000 that were expected to be undertaken during the year (in addition to £30,000 tree works that had already been pushed back to 2021/22). Income from the Canal has not been as badly impacted by Covid-19 as was feared in the September forecast but is still £82,000 lower than originally budgeted pre-Covid.
9. A revised budget for the 2021/22 financial year is presented for approval, to reflect the delays to the works as above, and slippage expected into 2022/23. This increases the budgeted draw from reserves for 2021/22 from £83,000 to £145,000.
10. The forecast outturn for the year to 31 March 2022 shows a £149,000 draw on reserves, compared to a revised budgeted draw of £145,000. Expenditure is forecast to be £1,000 under budget, with various small pressures and savings including lower than expected costs for the reservoir inspection, and the unbudgeted purchase of four new bell tents. Income is forecast to be £5,000 lower than planned, with the continuing impact of Covid-19 on sales and bookings as well as a shortfall in moorings rental income mostly offset by a considerable increase in unpowered boat income.
11. The proposed forward budget for the 2022/23 financial year provides for a draw from reserves of £30,000, equivalent to the cost of principal surveys works delayed from the current financial year. Significant additions have been made to the staffing budget to address various staffing pressures. These have been offset by an increase in budgeted income to reflect the continuation of additional boat licence income received, but also a reduction to the maintenance budget with lower planned expenditure than in previous years, to ensure that the reserves are not being used to fund ongoing annual expenditure.
12. The balance held in reserves for the Basingstoke Canal as of 31 March 2021 was £833,502, comprising of £729,424 in the general reserve and £24,078 and £80,000 allocated respectively for dredging & silt disposal and Wellesley. The total reserves balance is budgeted to decrease to £689,212 by 31 March 2022, mainly due to the draw required for the slipped works from 2019/20 as above.

Final Accounts 2020/21

13. The final outturn position (as shown in Appendix 1) is a £32,336 contribution to reserves. This represents a £67,000 improvement against the budget which provided for a £36,000 draw from reserves, and a £124,000 improvement against the £92,000 draw forecast as of September.
14. However, the position has been significantly impacted by slippage of works into the following financial year and by lockdown restrictions arising from Covid-19 as shown in the table below. A more detailed summary of the Covid impact is shown in Appendix 7.

	£'000	£'000
Covid related:		
Additional costs and lost income	118	
Less reduced expenditure	(83)	
Less additional income	(21)	
Net budget variance due to Covid		14
Business as usual:		
Expenditure slipped into 2021/22	(122)	
Other variances	41	
Net budget variance due to BAU		(81)
Total net budget variance		(67)

Expenditure

15. Expenditure for the year totalled £693,000, significantly below both the budgeted £842,000 and the £793,000 forecast as of September 2020, primarily due to underspends on Canal Maintenance and Employees.
16. Detailed reasons for the variances are shown in Appendix 8 and summarised below.
17. Staffing costs were underspent by £68,000 mainly due to a number of vacancies throughout the year:
- The Visitor Services Officer was recruited to in November, rather than April as planned, and resulted in a Seasonal Visitor Services Assistant (SVSA) vacancy. This post was upgraded to a temporary full-time VSA position which was not filled until May 2021.
 - The new Project Officer to assist with progressing the capital programme was not appointed until March instead of November as planned.
 - The Tree Officer post planned to undertake the Tree Inspection survey from January was not filled, and in summer 2021 the SCC arboriculture team was contracted to undertake the Canal requirements instead.
 - The Campsite Warden post provided for in the budget is on hold whilst further funding is explored for the campsite development project.
18. Canal Maintenance was £75,000 underspent, primarily relating to £88,000 of works that have been delayed to the 2021/22 financial year, consisting of:
- £33,000 on the Brookwood moorings re-decking,
 - £30,000 tree works arising from the Tree Inspection survey
 - £10,000 on the Barleymow Car Park, and
 - £15,000 on the Coxheath Steps.

These delays are partly as a result of maintenance works being managed in smaller, Covid safe teams, as well as staff sickness and the design phase for some of the projects taking longer than expected. The £30,000 for tree works delay was known by the September forecast

and was therefore built into the 2021/22 budget, however, the others were not known until later in the year and were therefore not included in the original 2021/22 budget.

19. Principal Surveys were expected to be over budget due mainly to expenditure on the Weirs and Sluices Inspection report that had been budgeted for completion in 2019/20. However, £34,000 of planned expenditure on Principal Inspections of Embankments Works has been delayed to future financial years. Again this was not included in the original 2021/22 budget.

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Income

20. Income for the year totalled £724,000, £82,000 below the budgeted income, although an improvement on the £105,000 shortfall predicted as of September.
21. The shortfall in income is primarily due to the impact of Covid-19 with £33,000 lost bookings income as a result of the temporary closure of the Canal Centre and subsequent social distancing measures, and £51,000 lost income from lower shop sales and the cancellation of activities such as the Santa Cruises event and Rosebud boat trips. However, offsetting these reductions has been a £16,000 increase in boat licence income as more people have holidayed in the UK.
22. Non-Covid related impacts on the income include the works to complete the Farnborough moorings negatively impacting moorings income, and delays in drawing up the lease agreement with the Basingstoke Canal Canoe Club meaning that the £15,000 one-off premium for improvement works carried out by the BCA has been delayed (expected to be received in the 2021/22 financial year).
23. At £523,000 the total partner contributions make up the majority of the Canal's income and are therefore fundamental to the successful running of the Canal.

2021/22 Revised Budget

24. The Committee is asked to approve the revisions to the 2021/22 budget shown in the table below. These changes reflect the slippage of works planned for 2020/21 into the current financial year, works budgeted for 2021/22 that are now expected to be incurred in the 2022/23 financial year (which are therefore included within the forward budget), and the Tree Inspection survey being incurred as a maintenance cost (completed by Surrey County Council) rather than as a staffing cost (with the Tree Officer post being removed from the budget).
25. The above changes result in a budgeted draw from reserves of £137,000, compared to the original budgeted draw of £83,000.

	£'000	£'000
Canal maintenance works slipped from 2020/21 as above		88
Less slipped works already included in 2021/22 budget		(30)
Add Tree Inspection Survey Costs		35
Addition to 2021/22 Canal Maintenance budget		93

Principal Surveys works slipped from 2020/21 as above		34
Less Principal Surveys works delayed to 2022/23:		
Inspections of Cuttings	20	
Inspections of Footpaths	10	
		(30)
Addition to 2021/22 Principal Surveys budget		4
Removal of Tree Officer post		(35)
Reduction to 2021/22 staffing budget		(35)

2021/22 Forecast Outturn

26. The current forecast shows the Canal will make a draw from reserves of £149,000, slightly more than the revised budgeted draw of £145,000, as shown in Appendix 3.
- Expenditure
27. Expenditure is forecast to be £950,000, £1,000 below the revised budgeted £951,000, with a number of small variances as set out below.
28. Staffing costs are forecast to be overspent by £5,000 due to pressures from a second lockkeeper recruited in August to help support the ranger team address pressure caused by long-term sick leave at a net additional cost of £3,000; and the upgrading of the Seasonal Visitor Services Assistant (SVSA) role to a full time VSA role for 2 years, at a net cost of £3,800 after the corresponding reduction in seasonal casual hours at the Visitor Centre. However, the VSA post was not filled until May 2021 offsetting most of the pressure for this year.
29. Principal Inspections costs are forecast to be £15,000 under budget due to a saving on the estimated cost of the Reservoir inspection.
30. Canal Maintenance is forecast to spend £4,000 more than planned. The Barleymow car park and Coxheath steps works that slipped from the 2020/21 financial year, are forecast to be completed at a cost of £40,000 this year, £15,000 above the original £25,000 expected cost. The additional cost of these projects has been partially offset by a £12,500 reduction in planned emergency cover this year.
31. Other forecast budget variances include a £6,000 saving against transport costs due to lower fuel and repair costs, partly explained by changes in staff behaviour following Covid 19; and an unbudgeted spend on four new bell-tents at the Campsite, purchased in response to the increased demand for UK holidays resulting from Covid-19 and expected to generate net income for the Basingstoke Canal.

Income

32. Income is forecast to be £801,000, £5,000 below the budgeted £806,000 mainly due to the impact of Covid-19 on sales and bookings and a shortfall of moorings rental income. This has been partially offset by a considerable increase in unpowered boat income and the saving resulting from the reduced VAT rate for hospitality following the Covid-19 pandemic.
33. General Fees and Charges income is set to overachieve the budget by £19,000, with a £27,000 increase in boat licence income as more people are using the Canal, as well as an increase in commercial unpowered boat agreements and the introduction of new boat licence charges resulting from the boat licence review. Although the increase in Canal users began as an effect of Covid-19, it is hoped that this will continue beyond the pandemic.
34. However, function room and campsite bookings continue to be lower than pre-Covid levels, mainly as a result of the Covid-19 restrictions. The function room was closed until July, and subsequent social distancing measures have led to a cap on numbers, reducing bookings by £7,000. Social distancing has also restricted the number of campers using the campsite, which along with the poor weather this summer, has contributed to a predicted £3,000 reduction in income, although this figure has been mitigated to some extent by the reduced VAT rate on hospitality which was applied to camping bookings.
35. The works on the Farnborough moorings are now complete and the sale of mooring space is underway, however there is likely to be an £11,000 impact on rental income this year until the spaces are filled.
36. Sales of Rosebud boat trips are £10,000 under budget this year due to a late start to the season caused by Covid restrictions, and also it was more difficult to find volunteers to run the trips due to their concerns about Covid-19.
37. Finally, a small £2,000 shortfall is predicted in Grants & Contributions income due to the Rural Payments Agency imposing fines for a landowner infringement.

2022/23 Forward Budget

38. The proposed Forward Budget provides for the Canal to make a draw from Reserves of £30,000, equivalent to the budgeted spend on the Principal Inspections for Cuttings and Footbridges that slipped from 2021/22 financial year. A number of significant changes to the budget are proposed as explained below, whilst ensuring that the planned ongoing annual and cyclical expenditure can be met from the expected income and without drawing from reserves.

Expenditure

39. Several changes are planned in the Canal staffing team which will increase staffing expenditure by £46,000:
- The second lockkeeper role has been permanently built into the budget and the original lockkeeper post will be reprofiled to a full-year position costing an additional £33,000.
 - The temporary upgrade to the Visitor Services Assistant role is now budgeted, partially offset by a reduction in casual hours, at a net additional cost of £4,000.
 - Additional provision of £7,000 has been made in the Casual budget for unpowered boat seasonal staff.
 - An uplift for a 2% pay increase as well as an allowance for the recent increase to NI has been built into the 2022/23 budget at £11,000.
 - These costs have been partly offset by a restructure of the ranger team saving £9,000.

40. The budgeted spend on Canal Maintenance has been reduced to £133,000 in order to balance the budget. Planned expenditure is reduced in areas such as soft bank protection, towpath resurfacing, lock repairs and equipment compared to previous years.
41. The Principal Surveys budget includes the principal inspections for Cuttings at £20,000 and Footbridges £10,000 delayed from the 2021/22 financial year, as well as a new principal inspection for culverts at £30,000.
42. Other small changes consist of reductions of £2,000 to the Premises budget to reflect improvements in general refuse management, and a £1,000 reduction to the Transport budget to reflect the change in staff travel culture following the Covid pandemic.

Income

43. The overall income budget has been increased by £25,000, primarily a £27,000 uplift for the expected continued increase in boat licence income.
44. The net increase to the General Fees and Charges budget is £18,000, consisting of the boat licence income as above; £3,000 additional income expected from the coffee boat and ad hoc licence fees, and dry dock fees; and additional campsite income of £2,000 from the impact of the Farnborough Airshow. These increases are offset by a one-off reduction in income from the Canoe Club for the recovery of the cost of a portacabin.
45. Other changes consist of a £2,000 CPI increase to the Moorings income budget and £5,000 increase to the Sales budget to reflect the expected continuation of additional unpowered boat hire income.

Capital Expenditure Programme

46. Appendix 5 shows the final capital outturn for 2020/21 and the budgeted expenditure for 2021/22.
 47. Capital expenditure for the Canal is managed as two separate capital programmes by Hampshire County Council and Surrey County Council.
- Hampshire County Council
48. In 2020/21 the third and final £500,000 instalment was received of the further £1.5m capital funding allocated by Hampshire County Council in 2017. No further capital funding additions have been agreed by HCC, and the remaining capital balance will roll forward each year until fully spent.
 49. As of 1st April 2020, the balance available in the Hampshire County Council capital programme was £1.424m, consisting of a £923,745 brought forward balance and the additional £500,000 capital contribution approved by HCC for the 2020/21 financial year.
 50. Due to the complex nature of the schemes in the HCC programme, combined with the delay in recruiting to the Project Officer post, only £52,000 of the planned £238,000 was actually spent in the 2020/21 financial year, giving carried forward available funds for 2021/22 of £1.372m.

51. A separate report is being presented to Committee on the capital programme for the next five years, which includes plans for £360,000 to be spent on projects in the 2021/22 year leaving £1.012m remaining at the end of the year.

Surrey County Council

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52. Surrey County Council agreed an annual allocation of £150,000 per annum for their capital programme for five years up to and including 2023/24. An annual allocation of £100,000 per annum from 2024/25 to the end of their current Medium Term Financial Plan is now proposed.
53. The Surrey County Council capital programme for 2020/21 has been completed largely as planned, with only £14,000 of the £285,000 capital allocation still to be spent. This balance relates to the improvements to the Deepcut Depot, and will be carried forward to 2021/22.
54. The total budget for 2021/22 is £231,000, consisting of the core capital contribution of £150,000, plus £67,000 reprofiled from previous allocations and the £14,000 rolled forward from 2020/21. The full budget is expected to be spent, as set out in the separate five year capital programme report to Committee.

Special Projects

55. In addition to the main revenue budget for the Basingstoke Canal there are a number of special projects with ringfenced budgets related to the Canal.

Odiham Castle

Funding of £2,302 remains from the historic HLF project to restore Odiham Castle, with this balance available to refresh the signs and paths. There was no spend against this fund in the 2020/21 financial year, but it is planned to be fully spent in the 2021/22 financial year on replacing the interpretation boards.

Higher Level Stewardship funding

56. Higher Level Stewardship (HLS) funding is received from the Rural Payments Agency by both Hampshire and Surrey County Councils for grassland maintenance. The funding is used to offset staffing costs of the Canal, with the amounts for the 2020/21 and 2021/22 financial years shown in the table below.

	Surrey County Council £'000	Hampshire County Council £'000	Total £'000
2020/21 financial year	2,519	8,015	10,534
2021/22 financial year	1,408	5,526	6,934

57. Within the Hampshire amount for 2020/21 is £2,627 relating to a missing payment from 2017/18, with the actual back payment for that year of £4,145 being much higher than the £1,518 that had been provided for in the accounts.

58. Maintenance work on the grassland/woodlands continues under the current agreements with Surrey County Council until October 2021 and with Hampshire County Council until November 2022, when the funding will cease.

Hampshire County Council Path Recovery programme

59. Although entirely separate to the Basingstoke Canal, the establishment of a £500,000 Path Recovery programme has been agreed by Hampshire County Council to carry out remedial works to improve the condition of the worst affected rights of way and countryside paths in Hampshire affected by the Covid 19 pandemic. £30,000 of this sum has been allocated to spend along the Basingstoke Canal towpath.

Reserves

60. The Basingstoke Canal reserves consist of three reserve funds as follows:

- Unallocated Reserve – the general reserve to hold annual revenue surpluses
- Dredging & Silt Disposal reserve – specifically to cover cyclical dredging works
- Wellesley Reserve – established from a commuted sum from the Ministry of Defence and Grainger (Aldershot) Ltd specifically for keeping the improved area of towpath between Aldershot and Farnborough in repair.

61. The total reserves for the Basingstoke Canal Authority were £833,502 as of 31 March 2021, an increase of £32,336 on the position at the end of 2019/20. A detailed breakdown of the reserves is shown in Appendix 6.

62. The balance on the Unallocated Reserve as at 31 March 2021 was £729,424, which equates to just under ten months budgeted expenditure.

63. In 2020/21 interest of £1,011 was received on the reserves balances, paid at the agreed rate of 0.1% on all reserve balances.

64. There was no draw from either the Dredging & Silt Disposal reserve or the Wellesley reserve, which remained at £24,078 and £80,000 respectively.

65. For 2021/22 the original budget provided for an £83,000 draw from the Unallocated Reserve, however, with further slipped maintenance and principal surveys expenditure the revised budget provides for a draw of £145,000. After allowing for anticipated interest receivable of £710, the Unallocated Reserve balance as of 31 March 2022 is budgeted to reduce to £585,134, and is currently forecast to reduce to £581,134, equating to approximately eight months of budgeted expenditure.

66. The proposed 2022/23 budget provides for a further draw from the Unallocated Reserve of £30,000, leaving a budgeted balance as of 31 March 2023 of £555,634, again equating to approximately eight months of budgeted expenditure.

67. There are no planned draws from the other reserves for either 2021/22 or 2022/23.

Conclusion

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68. The final outturn for 2020/21 is better than budgeted and forecast, with a £36,000 contribution to reserves rather than an expected draw. However, this improved position is due mainly to the slippage of £122,000 of expenditure into the following year.

69. Covid-19 has had a significant impact on the sales and bookings income of the Canal. However, there have been offsetting reductions in expenditure and increased boat licence income as more people are using the Canal, which has meant the net Covid financial impact has been fairly small. It is hoped that as well as the sales and bookings income recovering to pre-Covid levels, the additional boat licence income will continue.

70. The forecast for the 2021/22 financial year is £4,000 over budget with a slight underspend on expenditure (including a saving on the reservoir inspection, but the unbudgeted purchase of four new bell tents) and a small overall pressure on income (mainly resulting from the impact of Covid restrictions).

71. The Forward budget provides for a £30,000 draw to meet slipped principal survey works, but has otherwise been set as a balanced budget. Changes have been made to enable staffing pressures to be met, partly funded from the expected continuation of increased boat licence income, but also from reducing planned maintenance expenditure to a minimum.

72. Whilst the Surrey Capital Programme has progressed largely as planned, the Hampshire Capital Programme has been delayed due to its complexity and reduced staffing resource resulting from the pandemic. A separate report is being presented to Committee on the five year capital programme for the Basingstoke Canal.

73. The total balances within reserves at £833,502 as of 31 March 2021, and budgeted to fall to £659,712 at 31 March 2023, appear relatively healthy. However, the balance within the Unallocated Reserve equates to only eight months of budgeted expenditure, which is considered a reasonable but not excessive level.

Appendix 1 – Final Outturn for the Year Ended 31 March 2021

	Original Budget 2020/21 £'000	Forecast Outturn September £'000	Final Outturn 2020/21 £'000	Over / (Under) Forecast £'000	Over / (Under) Budget £'000
Expenditure					
Employees	492	434	424	(10)	(68)
Premises	32	27	18	(9)	(14)
Canal Maintenance	161	137	86	(51)	(75)
Principal Survey of Sluices & Weirs	61	94	63	(31)	2
Transport	45	40	39	(1)	(6)
Supplies & Services	51	61	63	2	12
Total Expenditure	842	793	693	(100)	(149)
Income					
General Fees & Charges	124	88	97	9	(27)
Partner Contributions	523	523	523	0	0
Other Grants & Contributions	18	19	25	6	7
Rental Income	62	47	51	4	(11)
Sales Income	79	24	28	4	(51)
Other Miscellaneous Income	0	0	0	0	0
Total Income	806	701	724	23	(82)
Contribution from / (to) Reserves					
	36	92	(31)	(123)	(67)
General Reserves					
Opening Balance	601	801	801	0	200
Contribution from/(to) revenue	(36)	(92)	31	123	67
Interest on balances	4	1	1	0	(3)
Closing Balance	569	710	833	123	264

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Appendix 2 – Partners Contributions for the Year Ended 31 March 2021

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	Contributions per the Original Agreement £	Notified & Actual Contributions £	Variance £
Partner Contributions			
Hampshire County Council	153,188	153,188	0
Surrey County Council	153,188	153,188	0
Guildford Borough Council	39,076	39,076	0
Hart District Council	30,924	30,924	0
Runnymede Borough Council	16,869	8,000	(8,869)
Rushmoor Borough Council	42,246	42,246	0
Surrey Heath Borough Council	26,282	10,000	(16,282)
Woking Borough Council	53,276	53,276	0
Church Crookham Parish Council	6,750	6,750	0
Crookham Village Parish Council	3,048	3,048	0
Dogmersfield Parish Council	240	240	0
Fleet Town Council	18,309	18,309	0
Odiham Parish Council	4,036	4,036	0
Winchfield Parish Council	250	250	0
Total Partner Contributions	547,682	522,531	(25,151)

Appendix 3 – Forecast Outturn for the Year Ended 31 March 2022

	Revised Budget 2021/22 £'000	Forecast Outturn September £'000	Over / (Under) Budget £'000	Variance due to Covid £'000	Business as usual variance £'000
Expenditure					
Employees	496	501	5	0	5
Premises	26	26	0	0	0
Canal Maintenance	267	271	4	0	
Principal Survey of Sluices & Weirs	59	44	(15)	0	(15)
Transport	42	36	(6)	(2)	(4)
Supplies & Services	61	72	11	2	9
Total Expenditure	951	950	(1)	0	1
Income					
General Fees & Charges	125	144	(19)	(4)	(15)
Partner Contributions	523	523	0	0	0
Other Grants & Contributions	17	15	2	0	2
Rental Income	62	51	11	0	11
Sales Income	79	68	11	11	0
Other Miscellaneous Income	0	0	0	0	0
Total Income	806	801	5	7	(2)
Contribution from / (to) Reserves					
General Reserves					
Opening Balance	833	833	0		
Contribution from/(to) revenue	(145)	(149)	(4)		
Interest on balances	1	1	0		
Closing Balance	689	685	(4)		

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Appendix 4 – Proposed Forward Budget for the 2022/23 Financial Year

	Revised Budget 2021/22 £'000	Forecast Outturn September £'000	Increase / (Decrease) to Budget £'000	Proposed Budget 2022/23 £'000
Expenditure				
Employees	496	501	46	542
Premises	26	26	(2)	24
Canal Maintenance	267	271	(134)	133
Principal Survey of Sluices & Weirs	59	44	1	60
Transport	42	36	(1)	41
Supplies & Services	61	72		61
Total Expenditure	951	950	(90)	861
Income				
General Fees & Charges	125	144	18	143
Partner Contributions	523	523		523
Other Grants & Contributions	17	15		17
Rental Income	62	51	2	64
Sales Income	79	68	5	84
Other Miscellaneous Income	0	0		
Total Income	806	801	25	831
Contribution from / (to) Reserves	145	149	(115)	30
General Reserves				
Opening Balance	833	833		689
Contribution from/(to) revenue	(145)	(149)		(30)
Interest on balances	1	1		1
Closing Balance	689	685		660

Appendix 5 – Basingstoke Canal Capital Programme 2020 – 2022

	Surrey County Council Programme £'000	Hampshire County Council Programme £'000	Basingstoke Canal Total £'000
Balance at 31 March 2020	n/a	924	924
Funds in:			
Core capital contribution	285	500	785
Total Funds in	285	500	785
Funds out:			
General bank works	(48)	(8)	(56)
Swan Bridge – engineering consultancy and survey work		(39)	(39)
Lock gates cyclical replacement	(34)		(34)
Structural repairs, primarily on works arising from the Principal Inspections of Locks 1-6 and Lower Wilderness Weir		(189)	(189)
Crookham Deep embankment project		(5)	(5)
Total Funds out	(271)	(52)	(323)
Unutilised funds	(14)	n/a	(14)
Balance as at 31 March 2021	0	1,372	1,372
Funds in:			
Core capital contribution	150	0	150
C/fwd from 2019/20	67	0	67
C/fwd from 2020/21 – Deepcut Depot	14	0	14
Total Funds in	231	0	231
Bank works	(130)	(80)	(210)
Canal structure	(74)	(280)	(354)
Contingency	(27)	0	(27)
Total Funds out	(231)	(360)	(591)
Balance as at 31 March 2022	0	1,012	1,012

Appendix 6 – Basingstoke Canal Budgeted Reserves

	Unallocated Reserve £	Dredging & Silt Disposal £	Wellesley Reserve £	Reserves Total £'000
Balance at 31 March 2020	697,088	24,078	80,000	801,166
7 Income (interest on balances)	1,011	0	0	1,011
Transfers To / (From) Reserves	31,325	0	0	31,325
Balance at 31 March 2021	729,424	24,078	80,000	833,502
Income (interest on balances)	710	0	0	710
Budgeted Transfers To / (From) Reserves	(145,000)	0	0	145,000
Projected Balance at 31 March 2022	585,134	24,078	80,000	689,212
Income (interest on balances)	500	0	0	500
Budgeted Transfers To / (From) Reserves	(30,000)	0	0	(30,000)
Projected Balance at 31 March 2023	555,634	24,078	80,000	659,712

Appendix 7 - Revenue impact of Covid-19 for the 2020/21 Financial Year

	£'000	£'000
Lost income		
Campsite and function room bookings income	33	
Cancelled activities such as the Santa Cruises and Rosebud boat trips	45	
Reduced shop sales	10	
Total lost income		88
Additional costs		
Canal maintenance and principal surveys – additional costs including the hire of contractors due to staff working in smaller, Covid safe teams	15	
Additional cleaning supplies and contract cleaning, personal protective equipment, additional information and signage for visitor safety, and additional IT/phone costs to support staff homeworking	15	
Total additional costs		30
Additional income		
Increased boat licence income due to more people holidaying in the UK	(16)	
New coffee van licence agreement	(1)	
Increased sales of online books and guides	(4)	
Total additional income		(21)
Reduced expenditure		
Staffing savings from delays in recruitment; lower overtime and shift allowances whilst the Canal Centre was closed; lower casual staff costs due to cancelled events; and lower staff training costs as a result of social distancing requirements.	(66)	
Electricity and water savings as a result of the Visitor Centre, campsite and tearooms being closed during lockdowns, and the toilets being open for a shorter number of hours	(8)	
Reduced staff mileage	(3)	
Shop stock, catering provisions and stationery	(6)	
Total reduced expenditure		(83)
Net Covid-19 impact pressure / (saving)		14

7

Appendix 8 - Notes to the 2020/21 final outturn

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Employees - £68,000 underspend against the budget

1. The majority of the underspend relates to a number of staff vacancies throughout the year, which is partly as a result of a freeze on recruitment initially caused by the lockdown and then the required changes to planned works and events to comply with Covid restrictions.
2. The new Project Officer post to assist with progressing the Capital Programme, which was planned to be filled from January, was not actually recruited to until March. This post at a cost of £35,000 per annum and temporary for 2.5 years, is being funded from the £30,000 per annum budget previously allocated for the contribution to the Pension Fund past services costs, but no longer required due to the good performance of the Pension Fund. To be prudent it was agreed that the £30,000 would remain in the base budget for three years and be reviewed after the next actuarial valuation of the Pension Fund, in case the contributions need to be reinstated. The March recruitment has led to a £6,000 saving against the £30,000 budget.
3. The Visitor Services Officer post was vacant from April to November, resulting in a saving of £18,000. The recruitment resulted in a vacant Visitor Services Assistant post, which was not filled until May 2021 giving rise to a further overall saving of £8,000.
4. Due to the campsite development project being on hold until further funding can be secured, the Campsite Warden post has purposely not been filled all year leading to an £18,000 saving.
5. The new Tree Officer post planned to start in January to carry out the Tree Inspection survey was not filled, resulting in a saving of £9,000 for the 2020/21 financial year. SCC has been contracted to carry out the work for both counties in 2021/22.
6. There were some pressures on the staffing budget including £3,000 re the actual pay award being agreed at 2.75% rather than the 2% provided for in the budget; £4,000 as the lockkeeper's contract was extended by 2 months following a delayed start due to the first lockdown and he took on additional casual hours to cover staff sick leave; and a £9,000 increase in allowances caused by the adverse weather this winter which resulted in more ranger callouts while the team also had to provide additional standby duty cover for a member of staff on long-term sick leave.
7. However, these pressures have been more than offset by other savings due to lockdown with overtime and shift allowances lower than planned whilst the Canal Centre was closed; lower casual staff costs following the cancellation of the Santa Cruises due to concerns about social distancing at the event; and lower staff training costs with face-to face training unable to take place during lockdown.

Premises - £14,000 underspend against the budget

8. Savings arose as a result of the Visitor Centre, campsite and tearooms being closed during lockdowns, and the toilets being open for a shorter number of hours with lower spend on electricity and water.
9. The cost of refuse collection was £4,000 less than planned which can be explained partly by the closure of the campsite and Visitor Centre during lockdown but also by the secure bin compound which has discouraged the public from using the facility.

Canal Maintenance - £75,000 underspend against the budget

10. The underspend mainly relates to the slippage of planned works, which will now take place in the 2021/22 financial year.
11. The Brookwood moorings re-decking, originally scheduled to take place in 2019/20 at a cost of £33,000, has been delayed to 2021/22 due to insufficient staffing levels. The Ranger team has been one person short this year due to long-term sick leave and they have been managing the maintenance work in smaller Covid safe teams. Quotes have now been received for the required materials and the work will take place next financial year.
12. Works at the Barleymow car park £10,000 and Coxheath Steps £15,000 have also been delayed as the design phase for these projects took longer than expected.
13. Other planned maintenance works that have been delayed until next year and are expected to be absorbed in the 2021/22 budget include the Frimley pumping station repairs £11,000, soft bank protection works £10,000, works at the Canal Centre £7,000, landscaping of the campsite £6,000 and telemetry costs £1,000.
14. An unbudgeted £9,000 was initially forecast for the Tree Survey work to be undertaken by a contractor (slipped cost from the 2019/20 financial year), however as above, this was later planned to be covered by recruitment to a new Tree Officer post.
15. With fewer boat trips taking place due to the lockdown, the septic tanks did not require emptying this winter, saving £1,000, and a further £4,000 of savings were made against the contingency budgets for clearing culverts, equipment, and emergency callouts.
16. Partially offsetting these savings were unplanned costs including erecting security fencing at Ash Lock £2,000; clearing a blockage in the ground paddle sluice at lock 26 and clearing debris at lock 28 £11,000; the fee for reservoir engineer works was also £1,000 more than planned. Additionally, reactive tree works cost £5,000 more than budgeted due to the need to hire contractors for works that could not be completed by the Covid safe ranger teams.

Principal Survey Work - £2,000 overspend against the budget

17. Total spend on Principal Survey work was expected to be £94,000, exceeding the budget by £29,000, due mainly to the cost of the written report on the weirs and sluices inspection slipping from the 2019/20 financial year into the current financial year at a cost of £21,259. However, the final spend for the year was only £63,000, mainly as the first tranche of repeat Principal Inspections for embankments didn't begin until the winter, meaning that only £6,000 of the planned £40,000 expenditure on this was incurred in this financial year. The remaining £34,000 of works are now due to be completed in 2021/22
18. There were higher than budgeted costs for the vegetation survey, increased expenditure on the Stop Plank works as a contractor was required (as explained above the smaller Covid-safe ranger team was unable to carry out the task), and the latest tranche of lock Principal Inspections took longer than planned, resulting in additional spend.

Transport - £6,000 underspend against the budget

19. This reduction in spend is mainly due to a reduction in staff mileage claims caused by the Covid restrictions on travel this year, and additionally savings on repair and maintenance costs as only two vehicles are being returned to Hampshire Transport Management this year (saving on end of lease repair costs).

Supplies and Services - £12,000 overspend against the budget

20. The overspend mainly relates to net additional costs due to Covid-19, including extra cleaning supplies, contract cleaning, and personal protective equipment to limit the spread of the virus at a total additional cost of £4,000; £5,000 on additional information and signage to ensure the safety of visitors to the Canal, and £9,000 additional IT and phone costs were required partly so that staff could work from home during the lockdown but are also due to increased annual costs following last year's office reorganisation.

21. These additional Covid related costs were partly offset by £6,000 Covid related savings in shop stock, catering provisions and stationery £1,000 due to the cancellation of events following Covid 19.

General Fees and Charges - £27,000 shortfall against the budget

22. The temporary closure of the Canal Centre and subsequent social distancing measures due to Covid-19 resulted in lost income from bookings of £9,000 and £24,000 for the function room and campsite respectively.

23. Furthermore, delays in drawing up the lease agreement with the Basingstoke Canal Canoe Club meant the £15,000 one-off premium for the improvement works carried out by the BCA was not received in the 2020/21 financial year, and this agreement continues to be worked on.

24. However, offsetting these reductions there has been a significant £16,000 increase in boat licence income as more people have holidayed in the UK this year, contributing to an increase in demand, as well as an increase in licensing patrols to ensure licence income was received. A further £5,000 unbudgeted income was received in total for the delayed banking due to lockdown of parking income from 2019/20, fee income for advice on the Wellesley development and from an agreement permitting a coffee van to trade on the Canal site.

Grants & contributions - £7,000 overachievement against the budget

25. Recovered costs mainly from the hire of a boat to a contractor and from accidental damage at Lock 2 contributed £2,000 of additional income, donations totalling £2,000 were received, and the backdated Higher Level Stewardship payment relating to financial year 2017/18 from HCC which was £3,000 more than expected.

Rental income - £11,000 shortfall against the budget

26. The income from mooring fees has been negatively impacted by the ongoing works to complete the Farnborough moorings, although this has been partly offset by additional rental income from two winter moorings and increased garden licence fees.

Sales income - £51,000 shortfall against the budget

27. Activities at the Canal (including the flagship Santa Cruises event and Rosebud boat trips) were cancelled due to concerns about social distancing, leading to a £45,000 loss

of income. Shop sales were £7,000 lower than expected, with lockdown having a significant impact, although this was mitigated to some extent by online sales of guides and books about the Canal proving very popular.

28. Halloween ticket sales were able to bring in £1,000 more income than expected following the easing of lockdown restrictions at this time.

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