

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Executive Lead Member for Universal Services
Date:	3 March 2025
Title:	Basingstoke Canal Annual Update
Report From:	Director of Universal Services

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Purpose of this Report

1. The purpose of this report is to provide an update on the Basingstoke Canal Authority partnership and to present the 2023/24 final outturn, the 2024/25 revised budget and the 2025/26 forward budget and scheme of charges for approval.

Recommendations

2. That the Executive Lead Member for Universal Services notes the update report on the Basingstoke Canal Authority's performance.
3. That, subject to a parallel decision by the Surrey County Council Cabinet Member for Environment (to be taken on 24 March), the Executive Lead Member for Universal Services approves the Basingstoke Canal Authority partnership's final outturn for 2023/24, the revised budget for 2024/25, and the forward budget and scheme of charges for 2025/26.

Executive Summary

4. This paper seeks to provide an update on the performance of the Basingstoke Canal Authority (BCA) – which acts as a delivery agent for the management of the Canal on behalf of Hampshire and Surrey County Councils, and to present the 2023/24 final outturn, the 2024/25 revised budget and the 2025/26 forward budget and scheme of charges for approval.
5. This is the first such update under the new governance arrangements approved by the two landowning authorities in Executive Member decisions on 11 March 2024 for Hampshire County Council and 26 March 2024 for Surrey County Council, which took effect from 1 April 2024.

6. The BCA continues to perform as manager of the waterway, working to the key objectives laid out in the decision paper of 11 March 2024 – namely public safety, conservation value and public health and wellbeing.
7. The new governance arrangements were designed to move the canal towards greater financial sustainability, following an extensive review of how to return the canal to its core purpose in meeting statutory requirements. However, with the withdrawal of funding from many of the previous riparian Council contributors, the canal is reliant on draws from its reserves to balance the budget. Therefore, unless contributions from the other riparian Councils are restored, Hampshire and Surrey County Councils as landowners will need to increase their funding contributions once the reserves are fully depleted – projected to be in the 2027/28 financial year.
8. Capital expenditure for the Canal is managed as two separate capital programmes by Hampshire and Surrey County Councils and is included within the standard capital programme reporting and approvals process for each Council and is therefore not considered in this report.
9. The final accounts for the BCA for 2023/24 are presented in Appendix 1 for approval, with a draw from reserves of £107,000 required to balance the budget. A revised budget for 2024/25 reflecting the new governance arrangements and the forward budget for 2025/26 incorporating the updated scheme of charges is presented for approval in Appendices 2 and 3 respectively. These reflect a planned draw from the BCA's reserves of £99,000 in 2024/25 and £217,000 in 2025/26. The approvals are subject to a parallel decision being taken by the Cabinet Member for Environment at Surrey County Council.
10. The forecast outturn for 2024/25 is shown in Appendix 3, and projects a forecast draw from reserves of £83,000.
11. The proposed scheme of charges for recreational activity on the canal in 2025/26 is shown in Appendix 4.
12. Both the financial accounts and the performance of the BCA have been fully scrutinised by the Basingstoke Canal Joint Board (BCJB) and were recommended for approval by the Executive Members of Hampshire and Surrey Councils at the BCJB's meeting on 31 January 2025.

Contextual information

13. The Basingstoke Canal was jointly acquired by Hampshire and Surrey County Councils in the 1970s, to manage risks (notably flooding), protect the Canal (which is designated as a Site of Special Scientific Interest or SSSI) and provide for public recreation.
14. Following restoration of the Canal in the late 1980s, the Basingstoke Canal Partnership was established, which included a number of riparian partners (District, Borough and Town/Parish Councils), to fund the operation of the Canal. Up until 31 March 2024, partnership governance was overseen by a Joint Management Committee made up of the Members of each riparian partner authority.
15. Over recent years, a number of the District and Borough Authorities have withdrawn from the partnership, leading to the financial situation of the

partnership becoming unsustainable. This led to a review of the management of the Canal to recommend a sustainable operating model, and resulting from this a decision was made on 11 March 2024 to reset the partnership. Some non-statutory BCA activities were transferred out of the partnership to reduce costs, and the Canal partnership now exists between Surrey and Hampshire County Councils as the landowners of the canal, with the BCA providing day to day operations on behalf of the two owners as the most cost-effective solution. However, the former riparian partners remain important stakeholders, with some partners indicating continuation of their contributions and others intending to resume contributions should the financial situation for local authorities improve.

16. The Canal is a substantial flooding risk if water levels are mismanaged or if a water retaining asset fails, together with statutory requirements for nature conservation and public access these form the core activities for the BCA. These are all items that require staffing, with current staffing considered to be at minimum level required for safe operation.

Finance

17. As set out above, the new governance arrangements were designed to move the canal towards greater financial sustainability and followed an extensive review (with input from external consultants) of how to return the canal to its core purpose in meeting statutory requirements. This included the operation of the Canal Visitor Centre being managed by Surrey County Council outside of the BCA, in recognition that the Visitor Centre required significant investment to enable it to generate an income surplus, which the BCA would not be able to provide.
18. However, with the withdrawal of funding from many of the previous riparian Council contributors, despite the changes, the BCA remains reliant on draws from its reserves to balance the budget. Therefore, unless contributions from the other riparian Councils are restored, Hampshire and Surrey County Councils as landowners will need to increase their funding contributions once the reserves are fully depleted – projected to be in the 2027/28 financial year.
19. Capital expenditure for the Canal is managed as two separate capital programmes by Hampshire and Surrey County Councils and is included within the standard capital programme reporting and approvals process for each Council and is therefore not considered in this report.
20. The final accounts for the BCA for 2023/24 are presented in Appendix 1 for approval, with a draw from reserves of £107,000 required to balance the budget, leaving a general reserve balance of £589,000. In addition, there is an £80,000 ringfenced reserve for towpath maintenance at the Wellesley development.
21. A revised budget for 2024/25 reflecting the new governance arrangements and the forward budget for 2025/26 incorporating the updated scheme of charges is presented for approval in Appendices 2 and 3 respectively. These reflect a planned draw from the BCA's reserves of £99,000 in 2024/25 and £217,000 in 2025/26. After accounting for interest received, the general reserves balance is budgeted to decrease to £334,000 by the end of March 2026. The Wellesley reserve is budgeted to remain at £80,000.

22. The forecast outturn for 2024/25 is shown in Appendix 3, and projects a forecast draw from reserves of £83,000.
23. Although the 2025/26 forward budget only makes provision for funding contributions from Hampshire and Surrey County Councils for prudential, some of the riparian Councils have indicated contributions will be made in 2025/26.
24. The proposed Scheme of Charges for recreational activity on the Canal for the 2025/26 financial year is shown in Appendix 4. The majority of charges (primarily for boat licensing and mooring fees) have been increased by Consumer Price Index (CPI), with these increases built into the budget set out above.
25. For a small proportion of charges, either no change or increases greater than CPI are proposed. The larger increases are for licensing larger events exceeding 500 participants (such as commercially arranged runs) to ensure that that staff time costs are being fully recovered.
26. Finally, a new scheme of charges is proposed for angling, which had previously been outsourced to a licensee. The BCA adopted the licensee's charging scheme for the 2024 season, when the licensee ceased operation suddenly. The previous licensing scheme is considered to be substantially below market comparable rates, and therefore a staged increase in fees is proposed. These proposed angling charges will be used by the BCA if, following an expression of interest process, a suitable replacement licensee is not found.
27. Both the financial accounts and the performance of the BCA have been fully scrutinised by the Basingstoke Canal Joint Board (BCJB) and were recommended for approval by Hampshire and Surrey Councils at the BCJB's meeting on 31 January 2025.

Performance

28. The BCA has been tasked with the following Key Objectives which were referred to in the review and previous decision paper and written into the partnership agreement. These are:
 - (a) *Public safety*

Including safety of staff and volunteers, residents and visitors, and the prevention of flooding through management of assets and water levels.
 - (b) *Conservation value*

To achieve or exceed the statutory obligations of the owners in relation to nature conservation and biodiversity value.
 - (c) *Health and wellbeing*

To achieve or exceed the statutory obligations of the owners to provide public access to the countryside and to maintain a public navigation.
29. **Public safety.** The BCA has provided operational management of water levels (including 24-hour supervision), undertaken inspection of assets, and reactive maintenance throughout the year. The BCA is good at managing water levels and providing emergency cover. However, consideration of prioritisation of asset inspection will be reviewed in conjunction with a new Asset Management system that will help to target the BCA's resources where they are most

required in the coming year. There was one incident of a minor unplanned spillage of water following a tree failure damaging the canal bank.

30. **Conservation value.** The BCA manages the Canal which is 90% by length SSSI under a conservation management plan agreed with Natural England and the Environment Agency (EA). Conservation is therefore embedded into all activities on the canal. The Basingstoke Canal SSSI is particularly important nationally for its aquatic plants and the BCA have funded a whole channel survey to monitor condition by Hampshire Biodiversity Information Centre (HBIC) this year. It has also increased water quality monitoring across the whole canal (since the EA have largely ceased this activity) with grant funding for equipment having been obtained from a Surrey County Council led project
31. **Public health and wellbeing.** The site is owned as countryside for quiet open-air recreation, cycling is also permitted on most of the towpath. Other outdoor activities such as fishing, rowing, kayaking and boating are regulated under licence with the proceeds helping support the operation of the BCA. Evidence suggests that there are 1.2 – 1.7million visits to the Canal each year, with the Greenspace AI Informatics data suggesting a 5.7% increase in visit numbers for the Hampshire half of the canal in 2024/25.
32. The BCA also facilitates voluntary effort to support and assist running the canal both directly and in partnership with the Basingstoke Canal Society (an independent registered charity). Over the year to date, 24,700 volunteer hours have been recorded – a 24% increase on 2023/24.

Consultation and Equalities

33. No Equalities Impacts have been identified. The proposed decision is for the continuance of an existing service, by the setting of a budget for the 2025/26 financial year. No changes in the provision of service are envisaged due to the level of budget set, where charges have been increased these are in line with inflation. There is therefore no notable impact upon any groups, including those with protected characteristics, and the impact is assessed as neutral.

Climate Change Impact Assessments

34. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

Climate Change Adaptation

35. The following climate variables pose a vulnerability to the decision, as identified by the adaptation tool. The Basingstoke Canal is vulnerable to severe rainfall events where if pre-emptive action is not taken there could be an infrastructure failure resulting in widespread flooding. Similarly storm events can cause infrastructure damage particularly on tree covered raised embankments which

lead to an asset failure also resulting in a canal breach and widespread flooding. The Basingstoke Canal is also vulnerable to extreme hot dry weather which may result in drought and drying out - harming the infrastructure and biodiversity of the site.

36. The key mitigation for this is that the canal is continually monitored and managed, with water levels trimmed in advance of forecast weather events and asset condition tracked and monitored. This requires an on-site staff presence 24 hours a day – which is fulfilled by the BCA.

Carbon Mitigation

37. The setting of a budget for the BCA has no specific carbon implications. The individual operations and projects carried out by the BCA are already subject to the County Council's carbon reduction policies.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

Hampshire maintains strong and sustainable economic growth and prosperity:	no
People in Hampshire live safe, healthy and independent lives:	yes
People in Hampshire enjoy a rich and diverse environment:	yes
People in Hampshire enjoy being part of strong, inclusive communities:	no

Other Significant Links

Links to previous Member decisions:	
<u>Title</u> Basingstoke Canal Basingstoke Canal-2024-03-11-ELMUS Decision Day	<u>Date</u> 11 March 2024
Direct links to specific legislation or Government Directives	
<u>Title</u> None	<u>Date</u>

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Location</u>
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

No Equalities Impacts have been identified. The proposed decision is for the continuance of an existing service, by the setting of a budget for the 2025/26 financial year. No changes in the provision of service are envisaged due to the level of budget set, where charges have been increased these are in line with inflation. There is therefore no notable impact upon any groups, including those with protected characteristics, and the impact is assessed as neutral.

Final Outturn for the Year Ended 31 March 2024

	2023/24 Revised Budget £'000	Forecast Outturn September £'000	2023/24 Final Outturn £'000	Over/ (Under) Budget £'000
Expenditure				
Employees	568	526	524	(44)
Premises	52	36	34	(18)
Canal Maintenance	152	195	176	24
Principal Surveys	30	30	19	(11)
Transport	35	33	35	0
Supplies & Services	61	78	65	4
Total Expenditure	898	898	853	(45)
Income				
General Fees & Charges	149	130	141	(8)
Grants & Contributions - Partner	480	427	427	(53)
Grants & Contributions - Other	12	22	22	10
Recharges to Capital	0	0	27	27
Rental Income	70	57	56	(14)
Sales Income	88	70	73	(15)
Other Miscellaneous Income	0	0	0	0
Total Income	799	706	746	(53)
Contribution from / (to) Reserves	99	192	107	8
General Reserves				
Opening Balance	(667)	(667)	(667)	0
Contribution from / (to) Reserves	99	192	107	8
Interest on balances	(15)	(34)	(29)	(14)
Closing Balance	(583)	(509)	(589)	(6)
Ringfenced Wellesley Reserve				
Opening and closing balance	80	80	80	0

Revised Budget and Forecast Outturn for the Year Ending 31 March 2025

	2024/25 Approved Budget £'000	Increase / (Decrease) to Budget £'000	2024/25 Revised Budget £'000	2024/25 Forecast Outturn £'000	Over/ (Under Budget £'000
On-going Partnership Operations					
Income					
General Fees & Charges	77	0	77	92	15
Grants & Contributions - Partner	427	(5)	422	422	0
Grants & Contributions - other	6	0	6	19	13
Recharges to Capital	35	0	35	35	0
Rental Income	70	0	70	71	1
Sales Income	1	0	1	1	0
Total Income	616	(5)	611	640	29
Expenditure					
Employees	452	(15)	437	419	(18)
Premises	13	0	13	16	3
Canal Maintenance	127	10	137	163	26
Principal Survey Work	55	0	55	55	0
Transport	37	0	37	35	(2)
Supplies & Services	31	0	31	35	4
Total Expenditure	715	(5)	710	723	13
Canal Visitor Centre					
Income	154	(154)	0		
Expenditure	195	(195)	0		
Net Canal Visitor Centre Expenditure	41	(41)	0		
Net (Income) / Expenditure	140	(41)	99	83	(16)
Contribution to / (from) Reserves	(140)	41	(99)	(83)	16
Grand Total	0	0	0	0	0
General Reserves					
Opening Balance ⁽¹⁾	589		589	589	0
Contribution to / (from) Reserves	(140)	41	(99)	(83)	16
Interest on Balances ⁽¹⁾	31		31	29	(2)
Closing Balance	480	41	521	535	14

(1) Restated to reflect actual opening balance.

Forward Budget for the Year Ending 31 March 2026

	2024/25 Revised Budget £'000	2024/25 Forecast Outturn September £'000	Increase / (Decrease) to Budget £'000	2025/26 Proposed Budget £'000
Income				
General Fees & Charges	77	92	15	92
Partner Contributions	422	422	(116)	306
Other Grants & Contributions	6	19	0	6
Recharges to Capital	35	35	2	37
Rental Income	70	71	(3)	67
Sales Income	1	1	(1)	0
Total Income	611	640	(103)	508
Expenditure				
Employees	437	419	32	469
Premises	13	16	1	14
Canal Maintenance	137	163	(7)	130
Principal Surveys	55	55	(15)	40
Transport	37	35	(1)	36
Supplies & Services	31	35	5	36
Total Expenditure	710	723	15	725
Net (Income) / Expenditure	99	83	118	217
Contribution to / (from) Reserves	(99)	(83)	(118)	(217)
Grand Total	0	0	0	0
General Reserves				
Opening Balance	589	589	(54)	535
Contribution from / (to) revenue	(99)	(83)	(118)	(217)
Interest on balances	31	29	(15)	16
Closing Balance	521	535	(187)	334
Ringfenced Wellesley Reserve				
Opening and closing balance	80	80	80	0

Scheme of charges

Items increased by CPI (rounded)

Item	2024/2025	2025/2026
Large towpath based events - up to 50-100 participants	£60.50	£62.50
Large towpath based events - up to 101-499 participants	£124.00	£128.00
Undertaking searches, etc per hour (inc VAT)	£65.00	£67.00
Mooring fees - Private (per m/pa)	£98.50	£101.50
Mooring fees - Standard (per m/pa)	£170.50	£176.00
Mooring fees - Premium (per m/pa)	£196.00	£202.00
Winter Mooring Navigation Fee	£150.00	£154.50
Annual lock usage fee	£130.50	£134.50
Pay As You Go lock flight - Woodham	£13.00	£13.50
Pay As You Go lock flight - St Johns	£13.00	£13.50
Pay As You Go lock flight - Deepcut & Brookwood	£25.50	£26.50
Pas As You Go lock flight - All flights	£51.50	£53.00
Private boat annual navigation fee - Above lock 15	£206.00	£212.50
Private boat annual navigation fee - Below lock 15	£102.50	£105.50
Hire boat navigation licence - annual (resident craft)	£618.00	£637.00
Cargo boat licence - annual (resident craft)	£515.00	£531.00
Passenger boat licence - annual per passenger place (resident craft)	£49.50	£51.00
Workboat licence - annual (resident craft)	£91.00	£94.00
Unpowered boat - day	£6.00	£6.00
Unpowered boat (large) - day	£8.50	£9.00
Unpowered boat - week	£17.50	£18.00
Unpowered boat (large) - week	£27.00	£28.00
Unpowered boat - annual	£48.50	£50.00
Unpowered boat (large) - annual	£72.50	£74.50
Club unpowered licence - annual	£19.00	£19.50
Hire-boat unpowered licence - day	£15.50	£16.00
Hire-boat unpowered licence - annual	£120.50	£124.00
Commercial unpowered boat - week	£68.00	£70.00
Commercial unpowered boat - fortnight	£99.00	£102.00
Commercial unpowered boat - month	£151.50	£156.00
Commercial unpowered boat - annual	£182.00	£187.50
Model boat licence -day	£6.00	£6.00
Visiting trail boats - daily use charge	£12.50	£13.00
Visiting trail boats - registration fee	£17.50	£18.00
Visiting boat licence - week	£54.50	£56.00
Visiting boat licence - fortnight	£78.50	£81.00
Visiting boat licence - month	£120.50	£124.00
Cargo boat visiting licence - week	£136.00	£140.00
Cargo boat visiting licence - fortnight	£196.50	£202.50
Cargo boat visiting licence - month	£303.00	£312.50

Passenger boat visiting licence per passenger place - week	£17.00	£17.50
Passenger boat visiting licence per passenger place - fortnight	£24.50	£25.50
Passenger boat visiting licence per passenger place - month	£38.00	£39.00
Workboat licence - month	£30.50	£31.50
Houseboat transit licence - month	£48.50	£50.00
Dry dock - per day	£53.00	£54.50
Pump out per use	£11.50	£12.00

Items with no change

Item	2024/2026
Large towpath based events - up to 49 participants	FREE
60% discount for charity boat operators	60%
Car park charges (Reading Road Car Park, Fleet)	As Hart DC scheme

Items increasing by more than CPI

Changes (not CPI)			
Item	2024/2025	2025/2026	Justification
Large towpath based events - 500-999 participants	£248.00	£625.00	Not covering staff time in preparing for events
Large towpath based events - over 1000 participants	£496.00	£1,250.00	Not covering staff time in preparing for events

Revised scheme of charges for Angling

Item	2024/2025	2025/2026	Justification
Fishing permits - Annual Adult	£29.00	£35.00	Scheme is substantially below market rates for annual angling permits
Fishing permits - Annual Concession (Blue badge, Military veterans & 65+)	£19.00	£25.00	Scheme is substantially below market rates for annual angling permits
Fishing permits - Day Adult	£5.00	£5.00	
Fishing permits - Day Concession (Blue badge, Military veterans & 65+)	£3.00	£3.00	
Fishing permits - Annual Juniors - Under 16	£19.00	£25.00	
Fishing permit - Annual Juniors - Under 12 (accompanied by Parent or Guardian)	£19.00	FREE	Brings in line with industry standards
Fishing permits - Day Juniors (12-15yrs)	£3.00	£3.00	

Fishing permits - Day Juniors - Under 12 Free of charge (accompanied by Parent or Guardian)	£3.00	FREE	Brings in line with industry standards
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