



Report to the Partnership for Urban South Hampshire Overview and Scrutiny Committee

Date: 19 January 2016

Report of: **Andrew Lowe, Chief Financial Officer and Gloria Ighodaro,
PUSH Executive Director**

Subject: **Capital and Revenue Budget Monitoring 2015/16**

SUMMARY

This report provides an update for the Overview and Scrutiny Committee on progress to date against the revenue and capital programmes for the current financial year. It also notes the conclusion of the audit on the 2014/15 statement of accounts.

RECOMMENDATIONS

The Overview and Scrutiny Committee is recommended to:-

1. NOTE the year to date spend against the capital and revenue budgets for 2015/16, as set out in this report; and
2. NOTE the certified 2014/15 Annual Return to the Audit Commission, included as Appendix 1.

INTRODUCTION

1. This report provides an update for the Overview and Scrutiny Committee on progress to date against the approved revenue and capital programmes for the current financial year. It also notes the conclusion of the audit on the 2014/15 statement of accounts.

RESOURCES

2. Table 1 below shows the estimated PUSH resources available for 2015/16, which include the actual income received for this financial year and under spends from 2014/15. The totals for capital and revenue resources are the control totals for the respective budgets.

Table 1: Total Resources Available	2015/16 Original Budget June 15 £000s	2015/16 Revised Budget Dec 15 £000s	2015/16 Actual received to end Oct 15 £000s
<u>Revenue Funds</u>			
Core funding (local authorities)	196	196	196
Additional funding for SHMA (local authorities)	0	8	8
Interest on balances	5	5	0
Income from LEP for PUSH Programme Support	40	40	20
Underspend c/f from previous year	556	556	556
Additional resources c/f from previous year	13	13	13
Sub-Total	810	818	793
<u>Capital Funds</u>			
Underspend c/f from previous year	214	214	214
Local Growth Fund to support SRM Projects (x2)	590	590	0
Sub-Total	804	546	214
Total Resources	1,614	1,622	1,007

REVENUE BUDGET

3. Table 2 below, sets out the revenue budgets for 2015/16, as approved by the Joint Committee in June 2015. There are four subsequent changes to these budgets, included in the revised budget, as follows:

- (i) £15,000 to fund the Employment Land Need Study (from unallocated balances);
- (ii) £18,000 to fund the Strategic Housing Market Assessment (SHMA) project (£10,000 from unallocated balances and £8,000 from additional local authority funding);
- (iii) £3,550 to fund the Solent Energy Strategy (from unallocated balances); and
- (iv) An additional £15,000 to support the Culture, Creative Industries and the Built Environment Panel's work programme (from unallocated balances).

The table also shows spend in the current financial year to the end of October.

Table 2 Revenue Allocations	2015/16 Original Budget June 15 £000s	2015/16 Revised Budget Dec 15 £000s	2015/16 Spend to end Oct 2015 £000s
Planning & Infrastructure	110	143	40
Energy & Green Economy	41	45	7
Culture, Creative Industries and the Built Environment	23	38	21
European Collaboration Group	7	7	7
Core Projects & Central Costs	275	275	36
Contingency Reserve	50	50	0
Unallocated Balances	304	260	0
Total	810	818	111

4. The **Planning & Infrastructure Delivery Panel** brings together key officers leading on specific activities. The PUSH Spatial Strategy is a key piece of the Panel's work alongside the supporting evidence based studies related to environmental protection, Transport and wider Infrastructure, Employment and Housing need. At this meeting, the Joint Committee will receive an update on the Spatial Strategy to date.
5. Work of the **Energy and the Green Economy Delivery Panel** are well underway and progressing as planned. The development of a low carbon economy has been a key work stream for the panel for which a Strategy was adopted and agreed by the PUSH Joint Committee in March 2012. Under the management of 'Future Solent', a public / private sector partnership established by PUSH in collaboration with the Hampshire Chamber of Commerce, a significant number of jobs has resulted from the low carbon economy programme. These include the creation of 150 additional high value jobs created to date in the Solent Region with an average salary of £30,000. The job target is set to more than double to create 350 jobs by the end of the programme. A more detailed report on the Green Economy Programme will be presented at this meeting. Similarly, work on the Solent Energy Strategy and related activities are gathering pace. A full report related to this work stream will also be presented at this Committee meeting within which a funding request of £18,000 is sought to support the implementation of the Solent Energy Programme.
6. The **Culture, Creative Industries and the Built Environment Delivery Panel** continue to deliver its business priorities achieving positive outcomes. The Panel oversee a range of PUSH capital and revenue projects which have either completed or nearing completion. The New Theatre Royal opened after its refurbishment on the 15th October, the Cell Block creative studios is expected to open in time for University of Portsmouth Spring term in January 2015 and the Arches work spaces is due to be fully open by July 2016. The PUSH programme of capital investment in creative industries infrastructure will then be complete. Since 2009 PUSH has invested approximately £1.5M in 6 Capital Projects supporting creative industry development leveraging a total investment in excess of £7m; (£27M including University of Portsmouth Creative Industry Campus redevelopment project which was linked to the New Theatre Royal Refurbishment). These projects collectively will provide full time workspace for approximately 60 Businesses and access to hot desk provision and business support for a further 100 businesses. The projects have also secured long term Economic use for 3 buildings of historic significance in Portsmouth. Hampshire Chamber of Commerce have taken over as host organisation of Creative Network South and have agreed in principle to work with Creative United to provide a £50,000 programme of support to creative businesses in Hampshire. Further sponsorship is currently being sought to match fund the agreed PUSH contribution of £5,000 for the 2016 Solent Design Awards. The Portsmouth Harbour project is progressing well and grant applications have been submitted on behalf of Gosport Diving Museum and Tread golds Mills.
7. The **Solent EU Collaboration Group** delivery panel continues to facilitate and work jointly on activities pertaining to securing European funding opportunities on a Solent wide basis. To date, the Joint Committee has agreed to fund a level 3 SELP membership for PUSH which will enable the Solent EU Collaboration Group to continue working collaboratively at a PUSH level in bidding for EU funding.

8. The **Core Projects & Central Costs** budget reflects commitments relating to staffing costs and other ongoing revenue activities led by the PUSH central team which include activities being delivered in partnership with the Solent LEP related to Employment and Skills and inward Investment. At its meeting in June 2011, PUSH endorsed a Solent LEP Contribution of £125,000, split into two payments; £75,000 in 2013/14 & £50,000 in 2014/15. Both of these instalments have now been paid to the Solent LEP. Similarly, in March 2015, the Joint Committee approved an additional £25,000 to the Solent LEP, following a request made by the LEP that the additional PUSH contribution would enable the Solent LEP to secure the full match funding from Government of £250,000. The Joint Committee approved this payment subject to a similar sum being paid to PUSH to help support the area's Spatial Strategy review work. The Solent LEP was to confirm that they are happy with the Joint Committee's proposal in writing before PUSH funding is released.
9. A much reduced **Contingency Reserve** of £50,000 for 2015/16 was set primarily to fund potential termination costs should such circumstances arise.
10. There were **Unallocated Balances** of £304,000, which have been reduced to £260,000 following the changes set out in paragraph 3. As PUSH funding in future years will be much more limited than in the past, it was proposed that the Unallocated Balances will be used to support activities in 2016/17, unless projects come forward during 2015/16 with a compelling business case.

CAPITAL BUDGET

11. Table 3 below sets out the capital budget for 2015/16, as approved by the Joint Committee in June 2015. There are no proposed revisions to this budget in this report. The table also shows spend in the current financial year to the end of October.

Table 3 Capital Allocations	2015/16 Original Budget June 15	2015/16 Revised Budget Dec 15	2015/16 Spend to end Oct 2015
	£000s	£000s	£000s
Alver Valley Project	50	50	50
Portsmouth Creative Industries	75	75	75
Portsmouth ARTches	40	40	40
Cell Block Enterprise	49	49	0
Total	214	214	165

12. The detailed allocations to projects within each Delivery Panel are set out in the tables below:

PLANNING & INFRASTRUCTURE

Table 3a Capital Allocations: Planning & Infrastructure	2015/16 Original Budget June 15	2015/16 Revised Budget Dec 15	2015/16 Spend to end Oct 2015
	£000s	£000s	£000s
Alver Valley Project	50	50	50
Total	50	50	50

13. **The Alver Valley Country Park Scheme**, which had received a total PUSH allocation of £50,000, is now complete. Outputs delivered include the completion of the path linking the Coast (Stokes Bay) to the centre of the Alver Valley Park. This provides opportunities to encourage visitors and dog walkers to make more use of the Country Park thereby avoiding Coast areas.

ENERGY & GREEN ECONOMY

14. There are currently no capital projects within this Delivery Panel.

CULTURE, CREATIVE INDUSTRIES & THE BUILT ENVIRONMENT

Table 3c Capital Allocations: Culture, Creative Industries & the Built Environment	2015/16 Original Budget June 15	2015/16 Revised Budget Dec 15	2015/16 Spend to end Oct 2015
	£000s	£000s	£000s
Portsmouth Creative Industries	75	75	75
Portsmouth ARTches	40	40	40
Cell Block Enterprise	49	49	0
Total	164	164	115

15. The **Portsmouth Creative Industries Scheme**, led by the University of Portsmouth and New Theatre Royal, completed in September 2015 followed by an official launch event in October 2015. The capital project is the provision of state-of-the-art facilities for training and enterprise across a wide range of creative industries. This involves two buildings on sites very close to one another in central Portsmouth including a redevelopment at the Eldon Building (Winston Churchill Avenue), comprised of facilities for design, visual arts, architecture and creative technologies, and an extended gallery and exhibition space. The new build at the New Theatre Royal (Guildhall Walk) is the second site which now provides facilities for Performing Arts, including a studio theatre, new stage and

backstage areas to make permanent replacements for those lost in a fire in the 1970s. The Theatre has since written to PUSH thanking the partnership for its financial contribution and support towards the successful delivery of the creative workspaces.

16. The first phase of the **Portsmouth ARTches Project** which received a total PUSH allocation of £40,000 to kick start the scheme is now complete. PUSH funding was used to fund the investigative, site preparation and detailed design. These works will take the scheme from planning permission stage to the development and has been critical in ensuring the quality and sustainability of the scheme. This is important in maximising the cumulative benefits to the area in terms of the visitor economy, spend and job creation and apprenticeship opportunities. The vision for the ARTches is the creation of thirteen working studios to support new and emerging local businesses and create apprenticeship opportunities. The scheme, once completed will also establish a key city attraction into Old Portsmouth, given that the scheme is located adjacent to the homebase for the Ben Ainslie Racing, at the Camber. An ARTches Advisory Panel, made up of key stakeholders, is helping to shape elements of the facility's operation such as agreeing artist tenants, job specifications for facility staff, branding and communications.
17. The **Cell Block Enterprise Scheme** commenced on 4 August 2014 and is progressing as planned. The first tenant moved into the Cell Block Studios during August / September 2015. The scheme is jointly funded by PUSH and the Regional Growth Fund, Round 2, and is being delivered by the University of Portsmouth.

LOCAL GROWTH DEAL

18. In addition to the projects with funding carried forward from 2014/15, PUSH has secured funding of £590,000 in 2015/16, as part of the Solent LEP Local Growth Deal, for two projects to create and enhance publically accessible greenspaces, as part of the Solent Recreation Mitigation Project (SRMP). The detailed allocations to projects are set out in table 4 below. The total £385,000 grant allocation for the Manor Farm scheme was claimed in quarter 2 of this year and reimbursement is awaited. This project was for the purchase of land adjacent to the existing Country Park in Hamble, prior to the establishment of public access. It is anticipated that the remaining grant funding, a contribution of £205,000 towards the Alver Valley project, will be claimed in quarters 3 and 4 of 2015/16, as the project proceeds.

Table 4 Capital Allocations:			
Solent Recreation Mitigation project	2015/16	2015/16	2015/16
	Original Budget June 15	Revised Budget Dec 15	Spend to end Oct 2015
	£000s	£000s	£000s
Alver Valley Country Park	205	205	0
Manor Farm Country Park	385	385	0
Total	590	590	0

2014/15 STATEMENT OF ACCOUNTS

19. The Statement of Accounts for the 2014/15 financial year and the Annual Governance Statement were approved by Joint Committee in June 2015, along with Section 1 (Summary Accounting Statements) and Section 2 (Summary Annual Governance Statement) of the Annual Return to the Audit Commission.
20. The June meeting also received a verbal update that an internal audit report issued substantial assurance in the effectiveness of the framework of risk management, control and governance and identified no issues requiring management action.
21. The external auditors have now certified that the information in the 2014/15 Annual Return to the Audit Commission is in accordance with proper practices and no matters have come to their attention giving cause for concern that relevant legislation and regulatory requirements have not been met. The certified Annual Return is presented for noting in Appendix 1, along with the Notice of Conclusion of Audit (Appendix 2).

CONCLUSION

This Committee is recommended to:-

22. NOTE spend for the year to date against the capital and revenue budgets for 2015/16, as set out in this report.
23. NOTE the certified 2014/15 Annual Return to the Audit Commission, included as Appendix 1.

APPENDICES

Appendix 1 - Annual Return for the financial year ended 31 March 2015.

Appendix 2 - Notice of Conclusion of Audit

Background Papers:

Joint Committee 9 June 2015 – Item 10: Capital and Revenue Budget Monitoring 2014/15 and Capital and Revenue Budgets 2015/16

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