



# **Report to the Partnership for Urban South Hampshire Joint Committee**

Date: **26 January 2010**

Report of: **Jon Pittam, Treasurer and Julian Lomas, PUSH Interim  
Managing Director**

Subject: **Revenue and Capital Budget Monitoring 2009/10**

## **SUMMARY**

This report summarises progress against the revenue and capital budgets as set by the Joint Committee at the meeting in March 2009, and amended in July and November 2009. It highlights any areas of concern and indicates any actions proposed to ensure that is adhered to, and PUSH objectives achieved. The report also sets out the projected under spend to be carried forward to 1010/11 to increase the available resources to PUSH for the next financial year.

## **RECOMMENDATIONS**

The Joint Committee is recommended to:

- a. NOTE the current 2009/10 revenue and capital budget position, together with the anticipated outturn for the year.
- b. APPROVE the additional allocation of £500,000 towards the Tipner project
- c. APPROVE the carry forward of £10,000 into 2010/11 for the Renewable Energy Evaluation Pilot project.
- d. APPROVE that the 2009-10 funding for the Somerstown project be conditional on achievement of the key milestone of the purchase of the Wellington Street Car Park, and that the 2010/11 allocation to this project should be reduced to £489,000 if that milestone is not achieved before the end of the 2009/10 financial year.

## INTRODUCTION

1. The purpose of this report is to inform the Joint Committee of progress against the approved revenue and capital programmes for 2009/10, as agreed by the Joint Committee in July and November 2009, together with the anticipated outcome for the whole of the financial year, and to ask the Joint Committee to approve any actions that are considered necessary to achieve that outcome.
2. The report also proposes an additional allocation to the Tipner Project in the current year, to be funded from the under spend elsewhere in the programme.
3. The anticipated under spend against both the revenue and capital programme in 2009-10 will be used to help fund the 2010-11 (and, in the case of revenue, 2011-12) programmes, as set out in a separate report to this Joint Committee.

## RESOURCES

- 3 Table 1, below, shows the estimated PUSH resources for the current financial year 2009/10.

<b>Table 1: Total resources secured 2009/10</b>	Budget (£000)	Received to date (£000)	Forecast for year (£000)
<b>Revenue funds</b>			
Core funding (local authorities)	308	308	308
New Growth Point (revenue)	844	844	844
SEEDA core contribution	165	83	165
Interest on balances	50	13	20
Add. Interest 08/09 b/f	150	150	150
Other local authority funding	30	0	15
CABE	11	11	11
Tourism SE	3	3	3
IESE Contribution	50	0	50
Cultural Coordinator Contributions	55	44	55
PUSH 07/08 Underspend	158	158	158
08/09 Underspend	732	732	732
Planned carry forward from 2009/10 to 2010/11	-466	-466	-466
	2090	1,880	2,045
<b>Capital funds</b>			
New Growth Point (capital)	7,253	7,253	7,253
Additional Growth Point allocation	565	565	565
Planned underspend 08/09	784	784	784
Add. Carry forward from 08/09	977	977	977
	9,579	9,579	9,579
<b>Total resources</b>	<b>11,669</b>	<b>11,459</b>	<b>11,624</b>

4. Due to interest rates currently being lower than was anticipated when the budget was set, the estimated amount of interest to be paid on the account balance has been revised down from £50,000 to £20,000.

5. The budget of £30,000 from other local authority funding will not now be required, but partners will be invoiced for £15,000 instead.

## REVENUE BUDGET

6. Table 2 below, shows the revenue allocations to Delivery Panels for 2009/10, as approved by the Joint Committee, together with expenditure to date, the programme of spend as developed by Delivery Panels for the current financial year, and the currently unallocated funds, for which no detailed programme has yet been received.

**Table 2: Revenue Allocations 2009/10**

Theme / Delivery Panel	2009/10 Cash Limit (£000)	Spend to date (£000)	Forecast Outturn (£000)	Forecast Under Spend (£000)
Economic Development	376	159	315	-61
Sustainability & Community Infrastructure	160	26	90	-70
Housing & Planning	390	44	199	-191
Quality Places	196	85	194	-2
Transport for South Hampshire	250	0	250	0
External Funding & Resources	50	0	10	-40
Central Costs, and Operational Contingency	614	196	499	-115
Balance	9	0	0	-9
<b>Total resources</b>	<b>2,045</b>	<b>510</b>	<b>1,557</b>	<b>-488</b>

7. Due to the reduction in the income expected to be received from interest on balances, referred to above, the total revenue resources for 2009/10 have reduced by £30,000 compared to the programme approved by the Joint Committee in July 2009. This has reduced the uncommitted balance from £39,000 to £9,000.
8. The programme for Economic Development includes the cost of the PUSH Economic Development Director, as well as a number of studies and economic development projects.
9. The programme for Sustainability and Community Infrastructure includes £40,000 carried forward from 2008/09 to be spent on Renewable Energy, as approved by the Joint Committee in January 2009. The programme for Sustainability and Community Infrastructure includes the costs of a number of studies, development of strategies and implementation plans.
10. The current programme for the Housing and Local Planning Delivery Panel

includes work on the Habitats Regulation Assessments, studies on Open Storage, the Housing Market and the NNE Hedge End SDA, and also the costs of the two posts working on Hedge End and Fareham SDAs. The total resources available have been reduced by £15,000 to reflect the agreed contribution by local authority partners.

11. The programme for Quality Places covers the cost of the Quality Place Delivery Manager post, for which funding has been received from a number of external organisations, as well as a 2 year project with CIBAS supporting creative industries.
12. PUSH agreed to support TfSH with funding for a number of feasibility and access studies. It is expected that these will all be spent in the current year.
13. The External Funding & Resources Panel has been involved in reviewing potential alternative funding mechanisms to support the PUSH economic development agenda in particular. These fall around two broad models, the first being Asset Backed Special Purpose Vehicles and the second around Accelerated Development Zones / Tax Incremental Financing, which will form the basis of the Member Workshop being held on 18 January 2010.
14. There is currently an anticipated underspend on the costs of the PUSH Core Team, principally because a number of posts within the approved establishment have only been filled part way through the financial year. In addition there has been uncertainty over the costs of accommodation for the PUSH team.
15. The anticipated under spend on the revenue budgets of £488,000 will be carried forward to 2010-11 to increase the total revenue resources available to PUSH in the new year. As agreed at the November Joint Committee, under spending will not be carried forward on specific programmes unless explicitly approved by the Joint Committee.

## **CAPITAL PROGRAMME**

16. Table 3, below, shows a summary of the capital allocations to each Delivery Panel as approved by the Joint Committee in July and November 2009, together with the expenditure to date and the estimated forecast outturn for the year. This is followed by a more detailed discussion of each project within their respective Delivery Panels.
17. Overall it is clear that there will be some underspends against the 2009/10 capital allocations. The Joint Committee has already agreed that underspends against the 2009/10 programme should not be carried over to specific projects in 2010/11 without explicit Joint Committee Approval following presentation of a strong case for any proposed carry over (e.g. where a contractual commitment to complete a particular project exists).

**Table 3: Capital Allocations**

	Revised Cash Limit for 2009/10 (£000)	Spend to date (£000)	Forecast Outturn (£000)	Under Spend (£000)
Economic Development	873	33	200	-673
Sustainability and Community Infrastructure	280	24	250	-30
Housing and Planning	4,417	1,822	3,668	-749
Quality Places	700	0	700	0
Transport for South Hampshire	2,514	600	3,014	500
Balance	795	0	0	-795
<b>Total</b>	<b>9,579</b>	<b>2,479</b>	<b>7,832</b>	<b>-1,747</b>

**Economic Development Projects**

**Table 4a: Economic Development Theme Capital Allocations 2009/10**

Project	Approved Budget (£000s)	Spend to date (£000)	Forecast Outturn (£000)	Under Spend (£000)
Eastleigh River Side Environmental/Technical Studies	38	1	38	0
Eastleigh River Side Env. Imp. - Ashtrim	103	0	77	-26
Eastleigh River Side Land Assembly (2 land Parcels)	488	0	0	-488
Eastleigh River Side Programme. Director	57	32	55	-2
Wide Lane	10	0	10	0
Valuation Refresh	0	0	20	20
Unallocated carry forward	177	0	0	-177
<b>TOTAL</b>	<b>873</b>	<b>33</b>	<b>200</b>	<b>-673</b>

18. The Joint Committee agreed, in March 2009, that the Eastleigh Riverside projects could be treated as a single allocation, and that virement between the individual projects could take place with the approval of the PUSH Managing Director. The table above shows the current allocation to projects. Progress in concluding the purchase of two parcels of land has been difficult and it is not now anticipated that all the land originally sought will be required. A proposal for a project including a

more limited land purchase is included in the separate report on this agenda which recommends capital programme allocations for 2010/11.

### Sustainability & Community Infrastructure Projects

**Table 4b: Recommended Sustainability & Community Infrastructure Capital Allocations 2009/10**

Project	Approved Budget (£000s)	Spend to date (£000)	Forecast Outturn (£000)	Under Spend (£000)
Portsmouth Surface Water Separation/ Portsmouth E/W Sewer	120	0	120	0
Renewable Energy Evaluation Pilot	20	0	10	-10
Southampton Local Energy Network	40	20	35	-5
Spice Island Drainage	100	4	85	-15
<b>TOTAL</b>	<b>280</b>	<b>24</b>	<b>250</b>	<b>-30</b>

19. £10,000 allocated to the renewable energy pilot will not be spent in the current financial year, but will be required to be spent in 2010-11 – the pilot is a 12 month project which concludes in early 2011 and therefore the forecast £10,000 underspend will be contractually committed. It is therefore recommended that this amount be carried forward as an allocation to this project.

### Housing and Planning Projects

**Table 4c: Housing and Planning Capital Allocations 2009/10**

Project	Approved Budget (£000s)	Spend to date (£000)	Forecast Outturn (£000)	Under Spend (£000)
Drivers Wharf Phase 1 (Access Study)	70	8	35	-35
Gosport Waterfront and Town Centre Master-planning	38	0	38	0
Rowner Renewal, Gosport	1,119	1,119	1,119	0
Somerstown Portsmouth	1,740	164	1,026	-714
Southampton Estate Regeneration	1,450	531	1,450	0
<b>TOTAL</b>	<b>4,417</b>	<b>1,822</b>	<b>3,668</b>	<b>-749</b>

20. Only £35,000 of the allocation to the Drivers Wharf project is expected to be required. It is anticipated that the full allocation for Gosport Waterfront and Town Centre, will be spent in 2009/10.

21. The Rowner Renewal project has spent the full allocation and is awaiting formal sign off for completion.

22. The Somerstown project team have requested a re-profiling of the funding for this important estates renewal project with a greater proportion of PUSH funding being spent in 2010-11 than originally envisaged. This is in part due to slippage and in part due to a “swap” between financial years with another funding stream which must be spent by the end of March 2010. The slippage in this project is cause for concern and therefore it is recommended that release of funding in 2009-10 beyond the £489,000 forecast spend on fees should be conditional on achievement of the key milestone of purchase of the Wellington Street Car Park before the end of the 2009-10 financial year.

### Quality Places Projects

**Table 4d: Quality Places Capital Allocation 2009/10**

Project	Approved Budget (£000s)	Spend to date (£000)	Forecast Outturn (£000)	Under Spend (£000)
Portsmouth Creative Industries	700	0	700	0
<b>TOTAL</b>	<b>700</b>	<b>0</b>	<b>700</b>	<b>0</b>

23. A first claim for this project has been received and it is anticipated that the full allocation will be spent in the current year.

### Transport For South Hampshire Capital Grant

**Table 4e: Transport for South Hampshire Capital Grant 2009/10**

Project	Approved Budget (£000s)	Spend to date (£000)	Forecast Outturn (£000)	Additional Spend (£000)
Tipner – New Motorway Junction	600	600	1,100	500
M27 Junction 5 Phase 1	1,914	0	1,914	0
<b>TOTAL</b>	<b>2,514</b>	<b>600</b>	<b>3,014</b>	<b>500</b>

24. The funding approved for the Tipner project included work on transport assessment and associated surveys, modelling and studies and has been spent. The planning application, major scheme business case (MSBC) and special roads order application have all been submitted in accordance with the project plan. The MSBC shows a high benefit/cost ratio for and no increase in costs for the project. Overall this project is proceeding well and, as part of the request for further PUSH funding in 2010-11, a request for an additional allocation of £500,000 PUSH funding in 2009-10 has been received and the committee is recommended to approve that further allocation of £500,000 in the current year.

25. Work has commenced on Phase 1 of the M27 Junction 5 project and is expected to be completed by March 2010.

26. The 2008-09 capital allocation to TfSH of £1,700,000 was transferred in full in the last financial year. TfSH reported, in the Statement of Accounts 2008/09, an underspend of £700,000 against that allocation, to be spent on a number of transport studies and surveys. The progress report indicates that this will be fully spent by the end of the financial year.

## **CONCLUSION**

31. The Joint Committee is recommended to:

- a. NOTE the current 2009/10 revenue and capital budget position, together with the anticipated outturn for the year.
- b. APPROVE the additional allocation of £500,000 towards the Tipner project
- c. APPROVE the carry forward of £10,000 into 2010-11 for the Renewable Energy Evaluation Pilot project.
- e. APPROVE that the 2009-10 funding for the Somerstown project be conditional on achievement of the key milestone of the purchase of the Wellington Street Car Park, and that the 2010-11 allocation to this project should be reduced to £489,000 if that milestone is not achieved.

### **Enquiries:**

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