



Report to the Partnership for Urban South Hampshire Joint Committee

Date: **23 March 2010**

Report of: **Jon Pittam, Treasurer and Anne-Marie Mountifield, PUSH
Executive Director**

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

SUMMARY

This report updates the Joint Committee on progress against the revenue and capital budgets for 2009/10 since the meeting in January, and to reflect any anticipated changes in the forecast outturn, and also sets out any impacts on the proposed budgets for 2010/11 and 2011/12 as approved by the Joint Committee in January 2010.

RECOMMENDATIONS

The Joint Committee is recommended to:-

1. NOTE the current 2009/10 revenue and capital budget position, together with the forecast outturn for the year;
2. NOTE the potential impact of the latest forecasts on the proposed budgets for 2010/11 and 2011/12;
3. APPROVE the carry forward of £10,000 into 2010/11 for the External Funding Delivery Panel;
4. APPROVE the revised allocation of £1,026,000 to the Somerstown project in the current year, together with the transfer of £714,000 from the project to the uncommitted capital balance; and
5. APPROVE the revised allocation of £228,000 to the Eastleigh Riverside projects in the current year, together with the transfer of £645,000 from the project to the uncommitted capital balance.

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, since the last meeting in January 2010.
2. The report also formally approves the transfer of capital allocations from projects where the full allocation is no longer required to the unallocated balance of capital resources, so that it can be carried forward to help fund the 2010/11 programme.
3. Any variations in the forecast outturn against the revenue and capital allocations will have an impact on the proposed programmes for 2010/11 and 2011/12, approved by the Joint Committee in January 2010. At this stage it is not proposed to formally update those figures, on the basis that there will be further changes to the outturn before the accounts are finally closed. The allocations for 2010/11 will be formally revised to reflect the carry forward at the Joint Committee's meeting in June 2010.
4. There remains a possibility of further variations against the forecast figures shown in the report below, but every effort is being made to monitor progress on all of the budgets and to ensure that the final outturn is as close to the forecast as possible.

RESOURCES

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

Table 1: Total resources secured 2009/10	Budget (£000)	Received to date (£000)	Forecast for year (£000)
Revenue funds			
Core funding (local authorities)	308	308	308
New Growth Point (revenue)	844	844	844
SEEDA core contribution	165	124	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	50	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	1,927	2,045
Capital funds			
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
Total resources	11,669	11,506	11,624

4. There is no change to the anticipated resources for the year compared to the last report to the Joint Committee in January. Some of the outstanding amounts due have now been received, and it is not expected that there will be any significant variations to the forecast outturn.
5. The amount of interest due on the balances is being kept under review, but at this stage it is not felt necessary to amend the anticipated figure.

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 forecast outturn at the end of the financial year, and the consequent over or under spend against the allocation.

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	182	309	-67
Sustainability & Community Infrastructure	160	36	91	-69
Housing & Planning	390	63	207	-183
Quality Places	196	96	182	-14
Transport for South Hampshire	250	0	250	0
External Funding & Resources	50	0	0	-50
Central Costs, and Operational Contingency	614	303	526	-88
Balance	9	0	0	-9
Total resources	2,045	680	1,565	-480

7. There are a number of minor changes to the forecast outturn for most of the Delivery Panels as compared to the figures reported to the Joint Committee in January, but the net effect of all the changes is to increase the forecast outturn for the year by £8,000. This would have the effect of reducing the carry forward into 2010/11 by that amount.
8. The outturn for Economic Development has been reduced by £6,000 to reflect the latest expected position on a number of the programmes being delivered by the Panel.

9. The expected outturn on the programme for Sustainability and Community Infrastructure is virtually unchanged (an increase of £1,000).
10. A number of revisions to the outturn against the programme for the Housing and Local Planning Delivery Panel has produced a net increase to the forecast outturn of £8,000.
11. The programme for Quality Places has been revised down by £12,000. All external funding due to cover the costs of the Quality Places Delivery manager have now been received.
12. PUSH agreed to support TfSH with funding for a number of feasibility and access studies. PUSH has asked for evidence that the studies have been completed before approving the transfer of funds to TfSH, and this should be provided shortly.
13. The External Funding & Resources Panel has been involved in reviewing potential alternative funding mechanisms to support the PUSH economic development agenda in particular. A member workshop was held in January 2010 to discuss possible ways forward. It is now expected that there will be no expenditure against the budget for this panel in the current year, but it is recommended that the previous estimate of £10,000 be carried forward to be available for this Panel in 2010/11.
14. There is currently an anticipated underspend on the costs of the PUSH Core Team, but this has reduced by £27,000 compared to the report in January, due to earlier than previously agreed start date for the new Executive Director, and other small changes.
15. The anticipated under spend on the revenue budgets of £480,000 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 comment on the detail for each Delivery Panel.
17. For a number of projects where significant under spends have previously been reported to the Joint Committee, formal approval is now sought to transfer the budget back to the unallocated balance of capital resources, so that it can be carried forward to help fund next year's programme.

Table 3: Capital Allocations

	Revised Cash Limit for 2009/10 (£000)	Spend to date (£000)	Forecast Outturn (£000)	Under Spend (£000)
Economic Development	228	70	200	-28
Sustainability and Community Infrastructure	280	42	220	-60
Housing and Planning	3,703	1,992	3,668	-35
Quality Places	700	187	700	0
Transport for South Hampshire	3,014	1,149	3,014	0
Balance	1,654	0	0	-1,654
Total	9,579	3,440	7,802	-1,777

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	29	38	0
Eastleigh River Side Env. Imp. - Ashtrim	103	0	77	-26
Eastleigh River Side Land Assembly (2 land Parcels)	0	0	0	0
Eastleigh River Side Programme. Director	57	41	55	-2
Wide Lane	10	0	10	0
Valuation Refresh	20	0	20	0
TOTAL	228	70	200	-28

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 Executive Director. The table above shows the current allocation to projects.
19. As reported to last Joint Committee meeting, it has not been possible to conclude negotiations for the purchase of the land parcels, so the amount

previously allocated for that purpose (£488,000), together with the sum previously allocated to the Riverside projects but not identified to a particular scheme (£157,000) are now recommended to be formally transferred back to the uncommitted capital balance. The Joint Committee has, in effect, reallocated much of this to the Riverside project through the 2010/11 allocation agreed in January.

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	7	120	0
Renewable Energy Evaluation Pilot	20	0	10	-10
Southampton Local Energy Network	40	25	35	-5
Spice Island Drainage	100	10	55	-45
TOTAL	280	42	220	-60

20. The only change to the figures reported to the last Joint Committee meeting is a reduction to the forecast outturn for the Spice Island Drainage project, where the contract sum is now estimated at £55,000 compared with £85,000 reported previously. This under spend should be available to be carried forward to help fund next year's programme.

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	20	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	1,026	164	1,026	0
Southampton Estate Regeneration	1,450	689	1,450	0
TOTAL	3,703	1,992	3,668	-35

21. The estimated outturn for Housing and Planning projects is unchanged at £3,668,000.

The key milestone for 2009/10 set by the Joint Committee in relation to the pjc-100323-r06-jpi-amm

Somerstown project has now been achieved, and it is expected that the revised allocation for the current year will be spent. It is therefore recommended that the £714,000 reduction in the original allocation, reported to the Joint Committee in January is formally transferred to the uncommitted capital balance. The Joint Committee has, in effect, reallocated much of this to the Somerstown project through the 2010/11 allocation agreed in January..

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	187	700	0
TOTAL	700	187	700	0

22. There is no change to the forecast outturn for this project, 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)	Under Spend (£000)
Tipner – New Motorway Junction	1,100	600	1,100	0
M27 Junction 5 Phase 1	1,914	549	1,914	0
TOTAL	3,014	1,149	3,014	0

23. At the meeting in January 2010, the Joint Committee approved an additional allocation of £500,000 to the Tipner project in the current year. This is now reflected in the above table
24. Work is well underway on Phase 1 of the M27 Junction 5 project and is expected to be completed by March 2010. Any under spend against the current allocation will be due to the timing of claims in relation to the end of the financial year, so may need to be carried forward into the new financial year as a commitment against this project.
25. 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, and PUSH have asked for confirmation of this from TfSH.

IMPACT ON PROGRAMME FOR 2010/11 and 2011/12

26. Any change to the forecast outturn for 2009/10 has an effect on the amounts available to be carried forward to help fund the capital and revenue programmes for 2010/11 and 2011/12, provisionally approved by the Joint Committee in January 2010.
27. As the forecast outturn is still liable to change before the year end accounts are finalised, it is not proposed to ask the Joint Committee to formally approve any amendment to the budgets at this stage. When the final figures are available the Joint Committee will be asked to approve the amended budgets at it's meeting in June.
28. The tables below are therefore for information only and provide an indication of the impact of the current forecast figures on the next two years.

Table 4: Revenue Allocations 2010/11 and 2011/12

Theme / Delivery Panel	2009/10 Budget (£000)	2010/11 Approved Cash limit (£000)	2011/12 Provisional Allocation (£000)
Economic Development	376	475	250
Sustainability & Community Infrastructure	160	100	0
Housing & Planning	390	240	0
Quality Places	196	185	15
Transport for South Hampshire	250	250	0
External Funding & Resources	50	75	0
Central Costs	614	433	434
Contingency Reserve	9	341	-38
Total resources	2,045	2,099	661

29. The revenue allocation for 2010/11 has reduced by £7,000 in total. External Funding Delivery Panel has increased by £10,000 carried forward from 2009/10, and the contingency reserve has been reduced by £17,000.
30. As a consequence, the provisional allocation for 2011/12 is currently shown as being under funded by £38,000. Recommendations to address this shortfall will, if necessary, be made at the June meeting of the Joint Committee once the final outturn for 2009/10 is known.

Table 5: Capital Allocations 2010/11

	2009/10 Revised Allocation (£000)	2010/11 Provisional Allocation (£000)	2010/11 Base Budget Allocation (£000)
Economic Development	873	90	600
Sustainability and Community Infrastructure	280	1,250	60
Housing and Planning	4,417	3,217	3,116
Quality Places	700	0	0
Transport for South Hampshire	2,514	1,915	3,307
Balance	795	2,957	30
Total	9,579	9,429	7,113

31. The only amendment to the capital allocations approved in January is the addition of £30,000 to the uncommitted balance, as a consequence of the reduction in the contract sum for Spice Island drainage.
32. The uncommitted balance, together with any further adjustments to the carry forward, will be allocated in accordance with the priority schemes identified by the Joint Committee in January.

CONCLUSION

33. The Joint Committee is recommended to:-
1. NOTE the current 2009/10 revenue and capital budget position, together with the forecast outturn for the year;
 2. NOTE the potential impact of the latest forecasts on the proposed budgets for 2010/11 and 2011/12;
 3. APPROVE the carry forward of £10,000 into 2010/11 for the External Funding Delivery Panel;
 4. APPROVE the revised allocation of £1,026,000 to the Somerstown project in the current year, together with the transfer of £714,000 from the project to the uncommitted capital balance; and
 5. APPROVE the revised allocation of £228,000 to the Eastleigh Riverside projects in the current year, together with the transfer of £645,000 from the project to the uncommitted capital balance.

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