



Report to the Partnership for Urban South Hampshire Joint Committee

Date: **9 November 2010**

Report of: **Carolyn Williamson, Treasurer and Anne-Marie Mountifield,
Executive Director**

Subject: **Capital and Revenue Budget Monitoring 2010/11**

SUMMARY

At its last meeting in September, the Joint Committee received a report confirming the revenue and capital funding position for 2010/11, and noting progress against the approved revenue and capital programmes for the financial year. This report updates expenditure against those agreed programmes.

RECOMMENDATION

The Joint Committee is recommended to:-

1. NOTE the revised capital and revenue budgets for 2010/11 as set out in the report, following confirmation of the New Growth Point capital funding position;
2. NOTE the current performance against the capital and revenue programmes in the current year;
3. AGREE that Delivery Panels adopt a cautious approach to the use of currently uncommitted revenue funding, and that under spends against the 2010/11 revenue programme will not be carried over to 2011/12 without explicit Joint Committee approval, following the presentation of a strong case for any carry forward proposal;
4. AGREE that that under spends against the 2010/11 capital programme will not be carried over to 2011/12 without explicit Joint Committee approval, following the presentation of a strong case for any carry forward proposal;
5. AGREE that the 2009/10 remaining balance of £14,000 for the Renewable Energy Pilot project is no longer needed, and should be added to the uncommitted capital balance for reallocation to the new capital programme to be agreed at the January 2011 Joint Committee meeting;
6. AGREE a reduction in the capital allocation for Eastleigh Riverside to £439,000 and that the unallocated balance of £161,000 can be added to the uncommitted capital balance for reallocation to the new capital programme to be agreed at

the January 2011 Joint Committee meeting;

7. AGREE a further increase in the allocation for the Tipner Capital project of £97,000, taking the total allocation for 2010/11 to £457,000; and
8. APPROVE the process for setting the budget and capital programme for new projects from the unallocated balance set out in paragraphs 15 and 16.

INTRODUCTION

1. This report sets out the revised capital and revenue budgets that were approved by the Joint Committee in September 2010, following confirmation of the funding position from CLG and HCA regarding capital New Growth Point funding, together with the latest spend against the approved programmes.
2. HCA has now confirmed in writing that there is no restriction on the carry forward of New Growth Point funding into 2011/12. Proposals for the allocation of funding can therefore now be considered where spend will continue into 2011/12.
3. The capital programme currently approved by Joint Committee includes unallocated resources of £2,849,000. Proposals for the use of these funds will be brought to the Joint Committee by January 2011.

RESOURCES

4. Table 1, below, shows the estimated PUSH resources available for 2010/11 and an indicative budget for 2011/12. This now includes confirmed funding for 2010/11 of £99,000 from SEEDA, compared to the original forecast contribution of £165,000, and to the £41,000 agreed for the first quarter, which was reported to the July Joint Committee.
5. As approved by the Joint Committee in July, the additional £58,000 confirmed from SEEDA will release PUSH core funding to be used to increase the balance available to resource the revenue programme for 2011/12.
6. The totals for capital and revenue resources are the control totals for the revised budgets detailed below.

Table 1: Total resources available	2010/11 Original Budget Approved Jan. 10 £000	2010/11 Revised Budget £000	2010/11 Received to 14 October £000	2011/12 Indicative Budget £000
Revenue funds				
Core funding (local authorities)	315	315	243	214
New Growth Point (revenue)	578	578	578	0
SEEDA core contribution	165	99	0	0
Interest on balances	20	20	0	5
Other local authority funding	15	15	15	0
Cultural Coordinator Contributions	55	55	49	0
SEEDA Contribution to Quality Places Launch	5	5	5	0
Underspend from previous year	636	636	636	434
Planned carry forward from 2009/10 to 2010/11	466	466	466	0
	2,255	2,189	1,992	653

Capital funds				
New Growth Point (capital)	5,336	5,336	5,336	0
Planned underspend from previous year	370	370	370	0
Add. Carry forward from 09/10	1,964	1,964	1,964	0
	7,670	7,670	7,670	0
Total resources	9,925	9,859	9,662	653

REVENUE BUDGET

7. Table 2, below, sets out the revenue budget for 2010/11 as approved by the Joint Committee in July 2010, with the addition of £58,000, being the additional allocation agreed by SEEDA, as discussed above. The allocations to Delivery Panels, TfSH and the core team for 2010/11 remain unchanged, with the SEEDA funding freeing up PUSH balances to be used to be carried forward to fund the provisional revenue programme for 2011/12.
8. The table also shows spend in the current financial year to October. Regular monitoring meetings are being held with each Delivery Panel and on the core team budget to ensure that the budget is on track.
9. Expenditure to date would suggest that there could be a significant underspend against the approved budget for 2010/11. However, it should be noted that a number of revenue activities are underway, and are expected to be completed before 31 March 2011. There will be a further update to the Joint Committee in January, which will include a forecast outturn for the year, together with any actions being taken to ensure achievement of the agreed programme.
10. Overall, it is clear that there will be some under spend in 2010/11 against the revenue allocations. Given the recent Comprehensive Spending Review (CSR) announcement and the impact of that on funding going forward into 2011/12, it is important that Delivery Panels adopt a cautious approach to the use of currently uncommitted revenue funding, and that under spends against the 2010/11 revenue programme will not be carried over to 2011/12 without explicit Joint Committee approval, following the presentation of a strong case for any carry forward proposal.
11. All revenue projects carried forwards from 2009/10 under the auspices of Quality Places and Housing and Planning have now completed. These include the SDA Hedge End Feasibility Studies, Hotel Study and the two CABE workshops; Design Training and Design Guidance.
12. At the meeting in March, the Joint Committee agreed a budget of £10,000 carry forward into 2010/11 for the External Funding Delivery Panel to spend on anticipated activities. This will be considered in the context of the recent Tax Incremental Finance announcements by Government. and an update will be provided at the January Joint Committee.
13. At the June meeting, the Joint Committee agreed the carry forward of £30,000 to support the Hampshire Wildlife Trust on the "Access to Nature" project

subject to enable a bid to Natural England. This bid has now been successful and the project has been awarded £370,000 of Big Lottery funding which together with PUSH and other contributions will provide a total pot of nearly £500,000. This project is now underway.

Table 2: Revenue Allocations	2010/11 Cash Limit approved at January JC	C/F 2009/10 Under spend	Reductions approved by JC July 2010	Revised Budget 2010/11	Spend to 14 October 2010/11	2011/12 Indicative Allocation
	£000	£000	£000	£000	£000	£000
Economic Development	475	0	-115	360	72	200
Sustainability and Community Infrastructure	100	30	0	130	3	0
Housing and Planning	240	49	0	289	101	0
Quality Places	185	11	0	196	46	15
Transport for South Hampshire	250	0	0	250	0	0
External Funding and Resources	65	10	0	75	0	40
Central Costs and Operational Contingency	433	22	0	455	178	350
Balance	358	76	0	434	0	48
Total	2,106	198	- 115	2,189	400	653

CAPITAL BUDGET

14. Table 3, below, sets out the capital budget for 2010/11 as approved by the Joint Committee in June 2010, together with the allocations approved by the Joint Committee in September, following confirmation of 2010/11 New Growth Point funding.
15. The proposals set out below total £4,846,000, leaving a balance of £2,824,000 still to be allocated in the current financial year. A new programme of capital projects is currently under consideration, and will be brought to the Joint Committee by January 2011. The Executive Director has asked the Chief Executive for each Delivery Panel to check whether there are any new projects in development which would present a strong case to be categorised as urgent, and a strong priority for funding from the remaining unallocated balance.
16. It is proposed that a meeting of PUSH Chief Executives should consider bids that have come forward, together with a review of the state of readiness of projects, with view to agreeing recommendations on the allocation of the remaining capital funding to the Joint Committee in January 2011. In reaching

those recommendations, particular regard will be had to the following criteria:-

- (a) Previous Joint Committee decisions on the priorities for 2010/11,
- (b) Priorities identified in the letter from the Minister Grant Shapps in his letter to all leaders of housing growth Local Authorities, dated 2 July 2010,
- (c) Emerging priorities from the draft Economic Development Strategy,
- (d) Progress made by, and the risk profile for, projects allocated funding for 2010/11,
- (e) The state of readiness and risk profile of new projects bidding for funds, and
- (f) Value for Money assessment of each proposed project, and the delivery against the PUSH Business Plan objectives.

17. The table also reports on spend against the approved programme to October. Due to the uncertainty over funding, a number of the approved projects had delayed work at the start of the financial year but, following confirmation of the funding position, have now started. The progress on each project is being regularly reviewed and reported by the Programme and Information Manager, and the forecast outturn will be reported to the Joint Committee in January 2011.

Table 3: Capital Allocations	Approved Budget for 2010/11 Sept. JC	Proposed Nov. 2010 amendments	Total Revised Budget	Spend to 14 October
	£000	£000	£000	£000
Economic Development	950	-161	789	49
Sustainability and Community Infrastructure	99	-14	85	11
Housing and Planning	3,116	0	3,116	570
Quality Places	232	0	232	232
Transport for South Hampshire	527	97	624	167
Balance	2,746	78	2,824	0
Total	7,670	0	7,670	1,029

18. The detailed allocations to projects are set out in the tables below.

Project	Approved Budget for 2010/11 Sept. JC	Proposed Nov. 2010 amendments	Total Revised Budget	Spend to 14 October
	£000	£000	£000	£000
Eastleigh River Side	600	-161	439	49
Dunsbury Hill Farm	350	0	350	0
TOTAL	950	-161	789	49

19. The recommended allocation for Eastleigh Riverside in 2010/11 includes the cost of the Programme Manager post, who has led on the HCA Local investment Plan and wider employment sites work, together with funding for the ongoing work to continue to develop this high priority project. As requested at the last Joint Committee, the Project Team has now reviewed the milestones, the outcomes of which has resulted in a budget requirement of £439,000 to deliver a suite of key feasibility and environmental studies. This leaves an unallocated balance of £161,000 no longer required and as such can be added to the uncommitted capital balance for reallocation for the new capital programme to be agreed at the January 2011 Joint Committee meeting.

20. Dunsbury Hill Farm was approved by the Joint Committee in September. Work has commenced on the project and is considered to be on track.

Project	Approved Budget for 2010/11 Sept. JC	Proposed Nov. 2010 amendments	Total Revised Budget	Spend to 14 October
	£000	£000	£000	£000
Renewable Energy Evaluation Pilot	20	-14	6	6
Forest Park	50	0	50	0
Portsmouth E/W Sewers/ Water Separation	29	0	29	5
TOTAL	99	-14	85	11

21. The recommended allocation for Sustainability and Community Infrastructure are as reported to the Joint Committee in July 2010, with the addition of the Forest Park project originally approved by the Joint Committee in January 2010. The Forest Park project is underway and on target to deliver by 31st March 2011.

22. With regards projects carried forward from 2009/10 the Renewable Energy Evaluation Pilot has now completed with a remaining balance of £14,000 which will be added to the unallocated capital balance for reallocation for the new capital programme to be agreed at the January 2011 Joint Committee. The outcome of the project is a desk top scoping study that includes a constraints mapping of Portsmouth and identifies potential sites for further investigation for large scale wind turbines. The study will be made available to partner authorities on request.

The Portsmouth Surface water Separation / East West Sewers project is well underway and will complete its feasibility study no later than December 2010.

Project	Approved Budget for 2010/11 Sept. JC	Proposed Nov. 2010 amendments	Total Revised Budget	Spend to 14 October
	£000	£000	£000	£000
Gosport Waterfront and Town Centre Master-planning	37	0	37	0
Somerstown Portsmouth	1,839	0	1,839	0
Southampton Estate Regeneration	1,240	0	1,240	570
TOTAL	3,116	0	3,116	570

23. Discussions are ongoing between PUSH officers and the Somerstown project team to ensure that the project will be able to meet the milestones as set out in the Joint Committee approval in January 2010, and spend the full allocation in the current year. An update will be reported to the January Joint Committee.

Project	Approved Budget for 2010/11 Sept. JC	Proposed Nov. 2010 amendments	Total Revised Budget	Spend to 14 October
	£000	£000	£000	£000
Portsmouth Creative Industries	232	0	232	232
TOTAL	232	0	232	232

24. The recommended allocations for Quality Places are as reported to the Joint Committee in June 2010. The Portsmouth Creative Industries project completed in September 2010. The aim of the project was to enable Portsmouth University and The New Theatre Royal to collaboratively work together to deliver a new creative campus and theatre based creation centre. The project also included plans to provide modern backstage facilities at the New Theatre Royal replacing

those lost to Fire. PUSH's investment of £700,000 has enabled Portsmouth University to fund the design development required to progress to the submission of a full planning application in early 2011. The project is expected to go to planning stage in early 2011.

Project	Approved Budget for 2010/11 Sept. JC	Proposed Nov. 2010 amendments	Total Revised Budget	Spend to 14 October
M27 Junction 5 Phase 1	167	0	167	167
Tipner	360	97	457	0
TOTAL	527	0	624	167

25. M27 Junction 5, phase 1 is now complete. Outcomes achieved include:

- Detailed design of the entire junction
- Highway Agency approval of entire junction
- Phase 1 Main Works complete
- Contract documents for phases 2 & 3 are ready for tender subject to external funding being secured
- Phases 2 & 3 advanced site clearance work
- Improved road safety
- Additional capacity provided
- Reduced queues on the A335 Wide Lane and Stoneham Lane

26. In January 2010, the Joint Committee approved an allocation of £992,000 for the Tipner project. This approval was conditional on additional sources of funding being forthcoming. When this was not confirmed, the approval was reduced to £360,000 by the Joint Committee in September 2010. Following further significant progress on the project, the Joint Committee are now been asked to approve a further increase in the allocation of £97,000, taking the total allocation for 2010/11 to £457,000, to support the completion of land remediation work. The outcome will of this work will be that Portsmouth City Council can apply for the regulatory approvals, Planning Approval, in early 2011.

CONCLUSION

The Joint Committee is recommended to:-

1. NOTE the revised capital and revenue budgets for 2010/11 as set out in the report, following confirmation of the New Growth Point capital funding position;

2. NOTE the current performance against the capital and revenue programmes in the current year;
3. AGREE that Delivery Panels adopt a cautious approach to the use of currently uncommitted revenue funding, and that under spends against the 2010/11 revenue programme will not be carried over to 2011/12 without explicit Joint Committee approval, following the presentation of a strong case for any carry forward proposal;
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7. AGREE a further increase in the allocation for the Tipner Capital project of £97,000, taking the total allocation for 2010/11 to £457,000; and
9. APPROVE the process for setting the budget and capital programme for new projects from the unallocated balance set out in paragraphs 15 and 16.

Background Papers:

Joint Committee 26 January 2010 - Item 13 Revenue and Capital Forward Budgets 2010/11 and 2011/12.

Joint Committee 23 March 2010 - Item 13 Revenue and Capital Budget Monitoring 2009/10

Joint Committee 23 June 2010 – Item 14 Revised Capital and Revenue Budgets 2010/11.

Joint Committee 7 July 2010 – Item 6 Revised Capital and Revenue Budgets 2010/11

Joint Committee 14 September 2010 – Item 7 Capital and Revenue Budget Monitoring 2010/11

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