



Report to the Partnership for Urban South Hampshire Joint Committee

Date: 11 January 2011

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

Subject: Capital and Revenue Budget Monitoring 2010/11

SUMMARY

At its last meeting on 9 November 2010, the Joint Committee approved the latest revenue and capital funding position for 2010/11, and noted progress against the approved revenue and capital programmes for the financial year. This report updates expenditure against those agreed programmes, and includes a forecast outturn for the financial year and an indication of the likely level of resources available for 2011/12. It also seeks approval for further amendments to the budget.

RECOMMENDATION

The Joint Committee is recommended to:

1. NOTE the revised capital and revenue budgets for 2010/11 as set out in the report, and the forecast outturn for the year.
2. NOTE the reduction in revenue resources for 2010/11 of £18,000 following completion of the audit of 2010/11 Statement of Accounts and reconciliation of the balance brought forward.
3. APPROVE the carry forward of £23,000 in the revenue budget for Sustainability and Community Infrastructure to 2011/12, and the corresponding reduction in the 2010/11 budget
4. NOTE the capitalisation of the costs associated with the SDA project managers in the Housing and Planning Revenue budget and AGREE that the consequent transfer of £101,000 from Housing and Planning revenue budget to the unallocated revenue reserve, and the use of £101,000 from the unallocated capital balance to fund the cost of staff working on this project.
5. AGREE a transfer of £50,000 from revenue reserve to Central Costs and Operational Contingency budget for 2010/11 to cover any potential commitments that may arise through the development of the Solent LEP, and NOTE that any such expenditure will only be approved in consultation with the Chairman and Vice Chairmen of the Joint Committee.

6. AGREE a reduction in the capital allocation for Forest Park to £25,000, and that the balance of £25,000 can be added to the uncommitted capital balance for reallocation.

INTRODUCTION

1. This report sets out the position on the capital and revenue budgets and updates the committee on activity since the last meeting in November.
2. The report also sets out the forecast expenditure position to the end of the current financial year. This will be reviewed and updated in the next monitoring to the Committee in March 2011.
3. The capital programme currently approved by Joint Committee includes unallocated resources of £2,748,000. Proposals for the use of these funds are the subject of a separate report to this committee.

RESOURCES

4. Table 1, below, shows the PUSH resources available for 2010/11, together with what income is still outstanding, as well as an indication of the potential resources available for 2011/12.
5. Following the completion of the audit of the Statement of Accounts 2009/10, and a reconciliation of the balance brought forward on the ledger, the underspend from the previous year has been reduced by £18,000. The discrepancy arose as a result of double counting of cash received in 2008/09 and treated as a receipt in advance for the financial year 2009/10.
6. The indicative resources for the financial year 2011/12 have been calculated from the estimated partner contributions, together with forecast revenue under spend and the planned uncommitted capital balance from the current financial year. This will be subject to further adjustment until the final outturn for the year is known, but is included to give the Joint Committee an idea of the likely level of revenue resources, and the recognition that some capital projects may carry forward into 2011/12.
7. 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 10 December £000 | 2011/12 Indicative Budget £000 |
|--|--|--------------------------------------|--|---|
| Revenue funds | | | | |
| Core funding (local authorities) | 315 | 315 | 315 | 214 |
| New Growth Point (revenue) | 578 | 578 | 578 | 0 |
| SEEDA core contribution | 165 | 99 | 83 | 0 |
| Interest on balances | 20 | 20 | 0 | 5 |
| Other local authority funding | 15 | 15 | 15 | 0 |
| Cultural Coordinator Contributions | 55 | 55 | 54 | 0 |
| SEEDA Contribution to Quality Places Launch | 5 | 5 | 5 | 0 |
| Planned carry forward from previous year | 466 | 466 | 466 | 493 |
| Add. underspend from previous year | 636 | 618 | 618 | 329 |
| | 2,255 | 2,171 | 2,134 | 1,041 |
| | | | | |
| Capital funds | | | | |
| New Growth Point (capital) | 5,336 | 5,336 | 5,336 | 0 |
| Planned underspend from previous year | 370 | 370 | 370 | 2,748 |
| Add. Carry forward from 09/10 | 1,964 | 1,964 | 1,964 | 0 |
| | 7,670 | 7,670 | 7,670 | 2,748 |
| | | | | |
| Total resources | 9,925 | 9,841 | 9,804 | 3,789 |

REVENUE BUDGET

8. Table 2, below, sets out the revenue budget for 2010/11 as approved by the Joint Committee in November 2010, together with amendments that the Joint Committee are now being asked to approve.
9. The table also shows spend in the current financial year to mid December, together with an estimate of the outturn for the financial year.
10. Any forecast underspend for the year will, together with partner contributions for 2011/12, provide resources to meet commitments in 2011/12 .
11. At the meeting in November, the Joint Committee endorsed the policy that Delivery Panels adopt a cautious approach to the use of currently uncommitted revenue funding, and that underspending 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. An initial review has been undertaken with each Theme lead and this has resulted in an estimated out-turn for 2010/11. It is expected that this

position will be finalised for the next Joint Committee meeting in March 2011, and it will include the presentation of business cases for carry forward proposals where they occur.

12. In relation to in year performance, the Economic Development delivery panel have deferred a number of activities, pending the adoption of the new Economic Development strategy and the emergence of the Solent LEP. As a result, there is expected to be a forecast underspend for 2010/11 and the panel have indicated that they will be coming forward with a business case to support the carry forward of some funding. to support the implementation of the new Economic Development strategy, adopted by Joint Committee in November 2010.
13. The budget for Sustainability and Community Infrastructure reflects the fact that the provision for GI Co-ordination originally covered a one year period in 2010/11. In reality, resources were put in place mid-way through the 2010/11 year, and therefore they are seeking to carry forward £23,000 into 2011/12. This will be returned to the revenue reserve, and carried forward to 2011/12.
14. The cost of staff working on the SDAs has traditionally been met from the Housing and Planning revenue budget. At Fareham Borough Full Council on 18th November 2010, it was agreed that the draft Core Strategy would contain a proposal for a new settlement to the north of Fareham. As the staff are now working on the next phase of the Fareham SDA, it is now appropriate to capitalise those costs against PUSH capital funds. The Joint Committee is therefore asked to approve the reduction in the revenue budget as detailed in table 2 and a corresponding increase in the capital budget in table 4c to reflect the re-categorisation of these costs.
15. The TfSH revenue allocation of £250,000 is forecast to be fully spent by 31 March 2011.
16. The revenue allocation to External Funding Panel is not expected to be fully spent in 2010/11, but it is anticipated that £40,000 will be spent commissioning work on funding models, and that a business case will follow at the March Joint Committee to seek approval for any balance to be carried forward to the new year..
17. In November 2010, the Joint Committee RESOLVED that a sum of £250,000 be put aside from the unspent reserves to be used for the Solent LEP, subject to consultation with the Chairman and Vice-Chairmen of the Joint Committee. On this basis it is proposed to transfer £50,000 of that sum to the Central Costs and Operational budget in the current year to enable any expenditure to be identified. It is also proposed to allocate £200,000 to the indicative budget for 2011/12 for the same purpose and this is reflected in the indicative allocation for Central costs for 2011/12.

| Table 2: Revenue Allocations | Budget as at Nov. 2010/11 | Adjust. to Budget Jan 2011 | Revised Revenue Budget Jan 2011 | Spend to 10 Dec. 2010 | Estimated outturn for 2010/11 | Forecast over/(-) spend 2010/11 | 2011/12 Indicative Allocation |
|--|------------------------------------|----------------------------------|---|--------------------------------|-------------------------------------|--|-------------------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Economic Development | 360 | 0 | 360 | 90 | 190 | -170 | 200 |
| Sustainability and Community Infrastructure | 130 | -23 | 107 | 11 | 92 | -15 | 23 |
| Housing and Planning | 289 | -101 | 188 | 63 | 121 | -67 | 67 |
| Quality Places | 196 | 0 | 196 | 71 | 196 | 0 | 15 |
| Transport for South Hampshire | 250 | 0 | 250 | 0 | 250 | 0 | 0 |
| External Funding and Resources | 75 | 0 | 75 | 0 | 40 | -35 | 40 |
| Central Costs and Operational Contingency | 455 | 50 | 505 | 227 | 460 | -45 | 500 |
| Balance | 434 | 56 | 490 | 0 | 0 | -490 | 196 |
| Total | 2,189 | - 18 | 2,171 | 462 | 1,346 | -825 | 1,041 |

CAPITAL BUDGET

18. Table 3, below, sets out the capital budget for 2010/11 as approved by the Joint Committee in November 2010, together with amendments that the Joint Committee are now being asked to approve.
19. The programme set out below totals £4,922,000, leaving a balance of £2,748,000 still to be allocated in the current financial year. Proposals for the allocation of those funds are considered in a separate report on this agenda.
20. The tables also show expenditure to the middle of December against each project, and the total expenditure forecast to the end of the year. Any confirmed underspending will be available to be added to the resources available for any future programmes.
21. The progress on each project is being regularly reviewed and reported by the Programme and Information Manager, and the forecast outturn will be updated to the Joint Committee in March 2011.

| Table 3: Capital Allocations | Approved Budget for 2010/11 Nov. JC | Proposed Jan. 2011 amendments | Total Revised Budget | Spend to 10 December | Forecast outturn for 2010/11 | Forecast under spend (-) 2010/11 |
|---|-------------------------------------|-------------------------------|-----------------------------|----------------------|------------------------------|----------------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Economic Development | 789 | 0 | 789 | 71 | 539 | -250 |
| Sustainability and Community Infrastructure | 85 | -25 | 60 | 12 | 60 | 0 |
| Housing and Planning | 3,116 | 101 | 3,217 | 982 | 2,730 | -487 |
| Quality Places | 232 | 0 | 232 | 232 | 232 | 0 |
| Transport for South Hampshire | 624 | 0 | 624 | 417 | 624 | 0 |
| Balance | 2,824 | -76 | 2,748 | 0 | 0 | -2,748 |
| Total | 7,670 | 0 | 7,670 | 1,714 | 4,185 | -3,485 |

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

| Table 4a: Recommended Economic Development Capital Allocations 2010/11 | | | | | | |
|---|-------------------------------------|------------------------------|-----------------------------|----------------------|------------------------------|----------------------------------|
| Project | Approved Budget for 2010/11 Nov. JC | Proposed Jan 2011 amendments | Total Revised Budget | Spend to 10 December | Forecast outturn for 2010/11 | Forecast under spend (-) 2010/11 |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Eastleigh River Side | 439 | 0 | 439 | 71 | 439 | 0 |
| Dunsbury Hill Farm | 350 | 0 | 350 | 0 | 100 | -250 |
| TOTAL | 789 | 0 | 789 | 71 | 539 | -250 |

23. Work on Dunsbury Hill Farm feasibility study has commenced and a task group has been convened and has met twice. They have now commissioned work to support the development of a planning application and it is anticipated that they will request a carry forward of funds into 2011/12, as a number of habitat studies cannot commence until Spring 2011.

24. 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. At the November Joint Committee, a revised budget for the year of £439,000 was approved. The project manager confirms that this remains the anticipated outturn, although there remains a possibility that some expenditure, although committed, will not occur until the next financial year. If this is the case, a business case requesting a carry forward of funds will be provided for the next Joint Committee.

| Project | Approved Budget for 2010/11 Nov. JC | Proposed Jan 2011 amendments | Total Revised Budget | Spend to 10 December | Forecast outturn for 2010/11 | Forecast under spend (-) 2010/11 |
|---|-------------------------------------|------------------------------|----------------------|----------------------|------------------------------|----------------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Renewable Energy Evaluation Pilot | 6 | 0 | 6 | 6 | 6 | 0 |
| Forest Park | 50 | -25 | 25 | 0 | 25 | 0 |
| Portsmouth E/W Sewers/ Water Separation | 29 | 0 | 29 | 6 | 29 | 0 |
| TOTAL | 85 | -25 | 60 | 12 | 60 | 0 |

25. As reported to the November Joint Committee, the renewable energy project is complete.
26. The Forest Park project is on track to complete in the current year. The contract has been let at a lower price than originally forecast, so the revised budget reflects this and it is proposed that £25,000 be returned to the unallocated balance.
27. The Portsmouth Surface Water Separation/East West Sewers project is scheduled to be completed no later than December 2010. A verbal update will be made to this committee on 11 January 2011.

| Project | Approved Budget for 2010/11 Nov. JC | Proposed Jan 2011 amendments | Total Revised Budget | Spend to 10 December | Forecast outturn for 2010/11 | Forecast under spend (-) 2010/11 |
|--|-------------------------------------|------------------------------|----------------------|----------------------|------------------------------|----------------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Gosport Waterfront and Town Centre Master-planning | 37 | 0 | 37 | 0 | 37 | 0 |
| Fareham SDA | 0 | 101 | 101 | 60 | 101 | 0 |
| Somerstown Portsmouth | 1,839 | 0 | 1,839 | 352 | 1,352 | -487 |
| Southampton Estate Regeneration | 1,240 | 0 | 1,240 | 570 | 1,240 | 0 |
| TOTAL | 3,116 | 101 | 3,217 | 982 | 2,730 | -487 |

28. Gosport Waterfront and Town centre project is reported to be on schedule, and will spend the full allocation in the current year.
29. The costs of Fareham SDA staff have been capitalised and transferred from the Housing and Planning Revenue budget, as outlined in paragraph 14.
30. The Somerstown regeneration project is proceeding, but it is likely to conclude later than originally scheduled, in June 2011. It is proposed to ask the project team to provide a detailed report to the Joint Committee at its next meeting in March 2011 detailing progress against previously agreed milestones.

Table 4d: Quality Places Capital Allocations 2010/11

| Project | Approved Budget for 2010/11 Nov. JC | Proposed Jan 2011 amendments | Total Revised Budget | Spend to 10 December | Forecast outturn for 2010/11 | Forecast under spend (-) 2010/11 |
|--------------------------------|-------------------------------------|------------------------------|-----------------------------|----------------------|------------------------------|----------------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Portsmouth Creative Industries | 232 | 0 | 232 | 232 | 232 | 0 |
| TOTAL | 232 | 0 | 232 | 232 | 232 | 0 |

31. As previously reported to the Joint Committee, the Portsmouth Creative Industries project is now complete.
32. As previously reported, M27 Junction 5, phase 1 is now complete.
33. In November 2010, the Joint Committee approved an increased allocation of £457,000 for the Tipner project. The project continues to be on track, and is expected to complete within the current financial year.

Table 4e: Transport for South Hampshire Capital Grant 2010/11

| Project | Approved Budget for 2010/11 Nov. JC | Proposed Jan 2011 amendments | Total Revised Budget | Spend to 10 December | Forecast outturn for 2010/11 | Forecast under spend (-) 2010/11 |
|------------------------|-------------------------------------|------------------------------|-----------------------------|----------------------|------------------------------|----------------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| M27 Junction 5 Phase 1 | 167 | 0 | 167 | 167 | 167 | 0 |
| Tipner | 457 | 0 | 457 | 250 | 457 | 0 |
| TOTAL | 624 | 0 | 624 | 417 | 624 | 0 |

CONCLUSION

34. The Joint Committee is recommended to:

1. NOTE the revised capital and revenue budgets for 2010/11 as set out in the report, and the forecast outturn for the year.
2. NOTE the reduction in revenue resources for 2010/11 of £18,000 following completion of the audit of 2010/11 Statement of Accounts and reconciliation of the balance brought forward.
3. APPROVE the carry forward of £23,000 in the revenue budget for Sustainability and Community Infrastructure to 2011/12, and the corresponding reduction in the 2010/11 budget
4. NOTE the capitalisation of the costs associated with the SDA project managers in the Housing and Planning Revenue budget and AGREE that the consequent transfer of £101,000 from Housing and Planning revenue budget to the unallocated revenue reserve, and the use of £101,000 from the unallocated capital balance to fund the cost of staff working on this project.
5. AGREE a transfer of £50,000 from revenue reserve to Central Costs and Operational Contingency budget for 2010/11 to cover any potential commitments that may arise through the development of the Solent LEP, and NOTE that any such expenditure will only be approved in consultation with the Chairman and Vice Chairmen of the Joint Committee.
6. AGREE a reduction in the capital allocation for Forest Park to £25,000, and that the balance of £25,000 can be added to the uncommitted capital balance for reallocation.

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

Joint Committee 9 November 2010 – Item 13 Capital and Revenue Budget Monitoring 2010/11

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