



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

Date: **6 October 2011**

Report of: **Andrew Lowe, Chief Financial Officer and Anne-Marie Mountifield, Executive Director**

Subject: **Capital and Revenue Budget Monitoring 2011/12**

## **SUMMARY**

At its last meeting in June, the Joint Committee approved budgets for 2011/12, together with a capital programme for the year. The report provides an update for the Joint Committee on progress to date against the approved revenue and capital programmes in the current financial year.

## **RECOMMENDATION**

This Committee is recommended to:-

1. NOTE the revised capital and revenue budgets for 2011/12 as set out in the report, and the spend for the year to date, and APPROVE the revision in the revenue budget as detailed in tables 1 and 2;
2. NOTE the change in job title relating to the Programme Manager currently identified with the Eastleigh Riverside project to 'Development and Infrastructure Manager' to reflect the broader responsibilities of the post holder and as a consequence;
3. APPROVE a virement of £60,000 from the Eastleigh Riverside capital budget (for 2011/12) and a virement of £60,000 from the SEEDA sites capital budget (for 2012/13) to a new separate budget for this post within the Economic Development theme area;
4. NOTE the change in scope of the Southampton Cultural Quarter project and APPROVE the re-distribution of the allocation identified for the North Guild element of the project to improve the quality of the Sea City element of the project;
5. NOTE the change in scope and lead arrangements for New Theatre Royal project and APPROVE the New Theatre Royal as the new lead accountable body for this project; and

6. DELEGATE authority to the Executive Director, following consultation with the Chairman and Vice Chairmen of the Joint Committee to apply appropriate conditions on the capital allocation for the New Theatre Royal Project, as previously specified.

## INTRODUCTION

1. This report updates the Joint Committee on progress against both the revenue and capital programmes for the 2011/12 financial year.

## RESOURCES

2. Table 1, below, shows the estimated PUSH resources available for 2011/12, as reported to the June 2011 Joint Committee. It should be noted that expected core funding from Local Authorities has been reduced as the Isle of Wight Council, as (at the time of writing the report), they have not yet responded to the invitation to join PUSH for 2011/12.
3. The totals for capital and revenue resources are the control totals for the budgets detailed below.

<b>Table 1: Total resources available</b>	2011/12 Budget Approved June 2011 £000	2011/12 Expected Changes £000	2011/12 Revised Budget £000	2011/12 Received to date £000
<b>Revenue funds</b>				
Core funding (local authorities)	347	(44)	303	211
CLG Transitional Fund	90		90	90
New Growth Point (revenue)	0		0	0
SEEDA core contribution	0		0	0
Interest on balances	5		5	0
Other local authority funding	0		0	0
Cultural Coordinator Contributions	0		0	0
SEEDA Contribution to Quality Places Launch	0		0	0
Underspend from previous year	611		611	611
Carry forward from 2010/11 to 2011/12	288		288	288
	<b>1,341</b>	<b>(44)</b>	<b>1,297</b>	<b>1,200</b>
<b>Capital funds</b>				
New Growth Point (capital)	0		0	0
Underspend from previous year	3,464		3,464	3,464
Add. Carry forward from 2010/11	251		251	251
	<b>3,715</b>		<b>3,715</b>	<b>3,715</b>
<b>Total resources</b>	<b>5,056</b>	<b>(44)</b>	<b>5,012</b>	<b>4,915</b>

## REVENUE BUDGET

4. Table 2, below, sets out the revenue budget for 2011/12 as approved by the Joint Committee in June 2011 and the revised budget as at September 2011. It should be noted that the revenue budget includes a downward adjustment to reflect the current PUSH membership. The allocations to Delivery Panels, TfSH

and the core team for 2011/12 remain unchanged, but the balance has been reduced.

5. The table also shows spend in the current financial year to the end of August. Regular monitoring meetings are being held with each Delivery Panel and on the core team budget, and there are no significant issues at this stage in the year.
6. Since the last meeting, PUSH received confirmation from DCLG that it has secured £90,000 from the Transition Growth Fund and the funds were received at the end of June 2011. This funding has now been allocated to the Housing and Planning and the Economic Development Delivery themes as previously agreed at the June Joint Committee.
7. For the Economic Development Panel the spend to date has been minimal and this reflects the expectation that some areas of economic development are under review, recognising that the newly established Solent LEP is expected to lead on areas such as Enterprise and business support and therefore the panel may well re-calibrate its role to focus on emerging priorities such as European funding and regeneration and investment. It is anticipated that the panel will be considering this as part of their transition planning and a further update will be provided to the Committee at the next meeting in December 2011.
8. Within the Housing and Planning Delivery Panel, work is underway and a housing market assessment for 2011 is currently being commissioned and a revised spatial plan is under development. The initial work will be considered at a Members' workshop on 25 October 2011.
9. It is anticipated that the unspent revenue budget for the Sustainability and Community Infrastructure Panel will be required to complete work in relation to the Green Infrastructure activities. A report on progress to date in relation to the Green Infrastructure Delivery Plan is tabled as a separate agenda item for this meeting.
10. The work of the Quality Places Delivery Panel is underway and progressing as planned.
11. At the January meeting, the Joint Committee agreed to a revenue reserve of £200,000 within the Central Costs and Operational Contingency budget to cover any potential commitments that may arise through the development of the Solent LEP. A total of £10,000 has been incurred to date. However, since the last meeting, the Solent LEP has secured and received other Government funding to support the work of the Solent LEP specifically, £25,000 Capacity Funding and £95,000 from the Start Up Fund. As a consequence, it is not anticipated that the remaining balance of £190,000, will be required, although it is noted that PUSH is also providing significant support to the Board through the Executive Director, key panels, such as the Economic Development Panel (and the Inward Investment and Employment and Skills Board) and officers across the PUSH authorities, who are leading the work on areas such as the Enterprise Zone. In addition it is recognised that further central Government funding support is unlikely to come forward in 2012/13.

<b>Table 2: Revenue Allocations</b>	2011/12 Budget Approved June JC	Proposed Changes	2011/12 Revised Budget	Spend to end August 2011
	£000	£000	£000	£000
Economic Development	192	30	222	16
Sustainability and Community Infrastructure	29	0	29	19
Housing and Planning	100	60	160	47
Quality Places	38	0	38	19
External Funding and Resources	75	0	75	21
Central Costs and Operational Contingency	500	0	500	110
Transition Costs	50	0	50	10
DCLG Transitional Fund	90	(90)	0	0
Balance	267	(44)	223	0
<b>Total</b>	<b>1,341</b>	<b>(44)</b>	<b>1,297</b>	<b>250</b>

## CAPITAL BUDGET

12. Table 3, below, sets out the capital budget for 2011/12 as approved by the Joint Committee in June 2011.
13. The table also reports on spend against the approved programme to the end of August. The progress on each project is being regularly reviewed and reported by the Programme and Information Manager.

<b>Table 3: Capital Allocations</b>	Approved Budget for 2011/12 June JC	Spend to end August 2011
	£000	£000
Economic Development	1,271	239
Sustainability and Community Infrastructure	137	18
Housing and Planning	530	302
Quality Places	1,143	22
Transport for South Hampshire	530	298
Programme Management	100	29
Balance	4	0
<b>Total</b>	<b>3,715</b>	<b>908</b>

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

## ECONOMIC DEVELOPMENT

<b>Table 4a: Economic Development Capital Allocations 2011/12</b>				
Project	Approved Budget for 2011/12 June JC	Virement within overall allocation	Total Revised Budget	Spend to end August 2011
	£000	£000	£000	£000
Eastleigh River Side	271	(60)	211	37
Dunsbury Hill Farm	335		335	142
SEEDA Sites & Regeneration	500	(60)	440	36
Swan Studios	150		150	0
Gosport Waterfront	15		15	0
Development and Infrastructure Manager	0	120	120	24
<b>TOTAL</b>	<b>1,271</b>	<b>0</b>	<b>1,271</b>	<b>239</b>

15. In relation to the capital budget there is now a requirement to reclassify some of the expenditure to reflect the increase in development and infrastructure work associated with the newly designated Enterprise zone and the ongoing work with the HCA Stewardship agreement. The remit of the Riverside Programme Manager has therefore being broadened and resources have been reallocated to ensure that the wider PUSH infrastructure work is fully resourced. On this basis it is recommended that the Riverside management post is re-designated to cover development and infrastructure in the PUSH area and those resources are secured to extend this post through to 31 March 2013. This will ensure that PUSH has the resources in place to undertake the work associated with the emerging Enterprise zone and the business planning needed for the HCA sites, as well as the existing work on Riverside. On this basis the budgets for both Riverside and the SEEDA sites line have been reduced by £60,000 and a new budget line has been created to cover the Programme Manager post for development and infrastructure through to 31 March 2013. The Joint Committee is asked therefore to approve a virement of £60,000 from the Eastleigh Riverside capital allocation and the SEEDA sites capital allocation to a new separate budget under the auspices of this panel to cover the estimated cost of this post until March 2013. Furthermore, it is recommended that the post holder assumes the title of 'Development and Infrastructure Manager' to reflect the broader responsibilities of the post holder.
16. Dunsbury Hill Farm project is underway and progressing as planned. Spend to date reflects the various completed required to inform the planning application due to be submitted in December 2011. The project is currently on track to having an outline permission in place for the site by 31<sup>st</sup> March 2012
17. In relation to the SEEDA Sites project, the spend to date reflects the work on the stewardship agreement model which is currently being agreed with the Homes and Communities Agency (HCA). It is expected that PUSH will be

asked to compile a business plan for the Solent portfolio for 2012-13 which will set out the proposed resource requirement together with supporting delivery plans for key development sites. Preparation of the plans will be on a tight timetable and the HCA will be seeking submission around the end of November 2011.

18. With regards the Swan Studios project, the lease agreement for the property required to incubate the start up businesses has now been agreed between the relevant PUSH Authority and Prupim. Work will now commence in due course.
19. The Gosport Waterfront Project feasibility study is progressing as planned and is scheduled to complete by 31<sup>st</sup> March 2012.

## SUSTAINABILITY AND COMMUNITY INFRASTRUCTURE

<b>Table 4b: Sustainability &amp; Community Infrastructure Capital Allocations 2011/12</b>		
Project	Approved Budget for 2011/12 June JC	Spend to end August 2011
	£000	£000
National Cycle Network	137	18
<b>TOTAL</b>	<b>137</b>	<b>18</b>

20. The capital allocation for Sustainability and Community Infrastructure is as reported to the Joint Committee in June 2011. The National Cycle Network Project is underway and progressing as planned. The project is on track to conclude by 31<sup>st</sup> March 2012.

## HOUSING AND PLANNING

<b>Table 4c: Housing and Planning Capital Allocations 2011/12</b>		
Project	Approved Budget for 2011/12 June JC	Spend to end August 2011
	£000	£000
Somerstown, Portsmouth	302	302
Fareham SDA Technical Studies	30	0
North Rowner	198	0
<b>TOTAL</b>	<b>530</b>	<b>302</b>

21. The Somerstown Estate Renewal Project completed in July 2011. PUSH to date contributed a total of £3.065m over a three year period between 2008/09 –

2011/12. Outputs delivered to date include a community play facility, seven eco-friendly family housing units and the enabling works for the Wellington Street development due to complete in October 2012. It is proposed that a member of the Project Team be invited to the next Joint Committee meeting to provide a presentation on the outcomes achieved.

22. Both the Fareham SDA studies and North Rowner projects are underway and progressing as planned.

## QUALITY PLACES

Project	Approved Budget for 2011/12 June JC	Spend to end August 2011
	£000	£000
London Road Waterlooville	343	22
Southampton Cultural Quarter	300	0
Portsmouth Creative Industries Phase 2	500	0
<b>TOTAL</b>	<b>1,143</b>	<b>22</b>

23. The capital allocations for Quality Places are as reported to the Joint Committee in June 2011. The London Road Project has now completed the early design work and is due to commission the construction phase of the project.
24. The Southampton Cultural Quarter project team remains committed to delivering the Sea City Museum by March 2012. As part of the overall scheme, it was anticipated that £100,000 of the total PUSH allocation of £300,000 would be utilised to deliver improvements to the public realm around the North Guild area close to the Sea City scheme. To support the delivery of the Sea City development it is now proposed that the funding attached to the North Guild element of the scheme be re-distributed to improve the quality of the Sea City element in time for the opening of the Sea City Museum on 10 th April 2012. It is therefore recommended that the Joint Committee approve the re-distribution of the allocation identified for the North Guild element of the project to fund the Sea City scheme.
25. Following the last Joint Committee an update has been received in relation to the New Theatre Royal project. It should be noted that the overall aims, objectives and anticipated outcomes of the project remain unchanged as per the previously approved bid. However they are proposing to come forward with new lead accountable body arrangement and a revised timescale to reflect the fact that the Planning permissions are not anticipated being in place until the end of 2011. A more detailed report on this project are included in a supplementary report, attached in Appendix A, and this was considered and endorsed by the PUSH Chief Executives at their meeting on 20 September 2011. The Joint Committee are therefore asked to APPROVE the New Theatre Royal as the new lead accountable body for the project.

## TRANSPORT FOR SOUTH HAMPSHIRE (TfSH)

<b>Table 4e: Transport for South Hampshire Capital Allocation 2011/12</b>		
Project	Approved Budget for 2011/12 June JC	Spend to end August 2011
	£000	£000
Evidence Base Modelling	500	298
Tipner	30	0
<b>TOTAL</b>	<b>530</b>	<b>298</b>

26. The TfSH Evidence Base Modelling Project is progressing as planned and due to conclude by 31<sup>st</sup> March 2012. A key output of the project will be the publication of a transport delivery strategy for South Hampshire as well as a Sub-Regional Transport model for analysing current and future transport constraints and opportunities including investment options and the measurement of its impacts. Linked to this, TfSH is one of a selection of areas in England that has been shortlisted to develop a full business case to the Local Sustainable Transport Fund. If successful this will bring in £18m of central government money for transport improvements in South Hampshire. It is felt that the availability of the Evidence Base Model has played a key role in the Solent area being shortlisted. The model has to date been used to assist the Enterprise Zone application, the Transport Assessment of Dunsbury Hill Farm, and is currently being used by Eastleigh Borough Council to help with their strategic sites analysis. This project is therefore already showing its worth and returning the investment PUSH has made.
27. In relation to the Tipner Project, the final activity relating to the ecological study is due to conclude by end September 2011.

## CONCLUSION

This Committee is recommended to:-

28. NOTE the revised capital and revenue budgets for 2011/12 as set out in the report, and the spend for the year to date, and APPROVE the revision in the revenue budget as detailed in tables 1 and 2;
29. NOTE the change in job title relating to the Programme Manager currently identified with the Eastleigh Riverside project to 'Development and Infrastructure Manager' to reflect the broader responsibilities of the post holder and as a consequence;
30. APPROVE a virement of £60,000 from the Eastleigh Riverside capital budget (for 2011/12) and a virement of £60,000 from the SEEDA sites capital budget (for 2012/13) to a new separate budget for this post within the Economic Development theme area;
31. NOTE the change in scope of the Southampton Cultural Quarter project and

APPROVE the re-distribution of the allocation identified for the North Guild element of the project to improve the quality of the Sea City element of the project;

32. NOTE the change in scope and lead arrangements for New Theatre Royal project and APPROVE the New Theatre Royal as the new lead accountable body for this project; and
33. DELEGATE authority to the Executive Director, following consultation with the Chairman and Vice Chairmen of the Joint Committee to apply appropriate conditions on the capital allocation for the New Theatre Royal Project, as previously specified.

**Background Papers:**

Joint Committee 8 June 2011 – Item 11: Capital and Revenue Outturn 2010/11 and Capital and Revenue Budget for 2011/12

**Appendix A** [Portsmouth Creative Industries Project – Phase 2](#)

**Enquiries:**

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