



Report to the Partnership for Urban South Hampshire Overview and Scrutiny Committee

Date: **7 May 2009**

Report of: **Stuart Jarvis, Managing Director and
Jon Pittam, Treasurer**

Subject: **Revenue and Capital Budgets 2009/10 – 2010/11**

SUMMARY

The 2009/10 Budget report approved at the January meeting of the PUSH Joint Committee set out the revenue and capital funding available to PUSH for its 2009/10 and 2010/11 programmes, and set indicative budgets for the Delivery Panels. It also set out the process by which those budgets were to be assessed and appraised, so that the Joint Committee could confirm the budget allocations and the Capital Programme at its meeting in March. This report sets out the PUSH Revenue Budget, including allocations to each Theme/Delivery Panel and the PUSH Capital Programme for 2009/10 and 2010/11, which were approved by the Joint Committee at its March meeting.

RECOMMENDATIONS

That the Committee considers and notes the PUSH Revenue Budget and Capital Programme for 2009/10 and 2010/11.

INTRODUCTION

1. The purpose of this report is to present the revenue budget, including the allocations to each Delivery Panel, and the Capital Programme for 2009/10 and 2010/11, with a commentary based closely on the report submitted to the Joint Committee meeting in March at which the decisions were taken.
2. The Government's Growth Fund revenue allocation to PUSH reduces significantly in 2010/11. Therefore the Joint Committee resolved to maintain a significant unallocated revenue reserve in the budget to reduce the impact of this reduction in 2010/11. The Capital Programme also maintains an unallocated reserve at the start of the year, to provide capacity to manage potential cost overruns, reduced match funding, or the addition of small scale new projects in year. The figures in the report do not assume receipt of any revenue or capital funding in 2009/10 which has not yet been announced (and therefore may increase the PUSH revenue budget in year). Table 1, below, shows the estimated PUSH resources for the financial years 2009/10 and 2010/11, compared to 2008/09:-

Table 1: Total resources secured	2008/09 Budget £000	2009/10 Budget £000	2010/11 Budget £000
Revenue funds			
Core funding (local authorities)	300	308	315
New Growth Point (revenue)	729	844	578
SEEDA core contribution	165	165	165
Interest on balances	100	50	50
Est. add. Interest 08/09	-	170	-
Other local authority funding	54	30	30
Emerging Themes (MAA)	151	-	-
SEEDA (Tipner regeneration)	15	-	-
CABE	11	-	-
Tourism South East	3	-	-
IESE Contribution	-	50	-
Cultural Coordinator Contributions	-	55	55
PUSH 07/08 Underspend	-	150	-
08/09 Underspend	-	548	-
Planned carry forward from 2009/10 to 2010/11	-	-466	466
	1,528	1,904	1,659
Capital funds			
New Growth Point (capital)	6,768	7,253	9,429
Additional Growth Point allocation	-	565	-
Planned underspend 08/09	-	784	-
Add. Carry forward from 08/09	-	509	-
	6,768	9,111	9,429
Total resources	8,296	11,015	11,088

3. As indicated in the January Budget Monitoring report, higher than anticipated interest earned on balances in the current year, together with the under spend on the 2007/08 PUSH programme are to be carried forward into 2009/10, and added to the expected significant under spend on the 2008/09 programme.
4. Because of the additional resources carried forward into 2009/10, as well as a significant decrease in Growth Point funding in 2010/11, a sum of £466,000 revenue funding is set aside in 2009/10 to be brought forward into 2010/11 to help equalise resources between the two financial years.
5. As well as the initial capital Growth Point money for 2009/10 shown in the table above, PUSH has been awarded a further £565,000 Growth Point capital funding for 2009/10, although for technical reasons this will be received by PUSH in 2008/09. Together with the planned reserve from 2008/09, and the additional under spend identified in the Budget Monitoring report, there is a total of £9,111,000 capital funding available for the 2009/10 Capital Programme.

REVENUE BUDGET

6. Table 2 below, shows the recommended revenue allocation to Delivery Panels, for 2009/10, compared with the 2008/09 budget and the 2009-11 indicative allocation approved by the Joint Committee on 12 June 2008.

Table 2: Revenue Allocation

Theme / Delivery Panel	2008/09 Budget £000	2009/10 Indicative Base Budget £000	C/fwd to 2009/10 £000	2009/10 Cash Limit £000	2010/11 Provisional Allocation £000
Economic Development	210	350	-	350	300
Sustainability & Community Infrastructure	148	60	60	120	100
Housing & Planning	181	184	116	300	300
Quality Places	60	136	47	183	170
Transport for South Hampshire	279	250	-	250	250
External Funding & Resources	-	-	50	50	-
Central Costs, and Operational Contingency	650	541	73	614	539
Balance	-	65	-28	37	-
Total resources	1,528	1,586	318	1,904	1,659

7. The Budget Monitoring report recommended a carry forward from 2008/09 of £548,000. Of that amount, a total of £318,000 was reserved for specific projects delayed or deferred from the current programme – this is shown in the fourth column above. The remainder of the carry forward is used to fund the new year programmes.

8. The base budget for 2009/10, together with the carry forward from 2008/09, provides a cash limit for 2009/10 for each Delivery Panel. Each Theme Lead has been consulted on the indicative allocations from January, and whilst a number commented on the potential to achieve more with higher levels of resourcing, the indicative allocations were accepted in the context of the overall funding available to PUSH. Therefore the final budget figures broadly match the provisional budget allocations from January. Each Panel will now determine its detailed revenue funded programme within the available resources, and prepare an Action Plan, as set out in the report on the Business Plan considered separately on this agenda.
9. Transport issues are near the top of most priority lists in South Hampshire as well as elsewhere in the region. Transport for South Hampshire leads on these matters in the sub-region, working in partnership with PUSH, and it was agreed again for 2009/10 and 2010/11 to provide both Capital and Revenue grant funding for TfSH to this end. In revenue terms £200,000 was allocated to support TfSH work on strategic access studies, feasibility testing and development of a sub-regional evidence base, building on work in 2008/09. It was also agreed that work was urgently needed to take a strategic look at access issues in relation to the Gosport Peninsula, as a number of major development sites/proposals are coming forward. This work should draw upon, and feed into the sub-regional transport evidence base and access studies already underway through TfSH, and therefore it was agreed to ask TfSH to commission and manage the transport aspects of this work, and to add £50,000 to the TfSH revenue grant from PUSH specifically for this purpose. It was also agreed to fund some related master-planning work through the capital programme, as set out below.
10. The proposed budget made full use of existing resources to reduce pressure on the local authorities and other funding partners contributions, whilst maintaining an effective programme and preparing the ground for PUSH to fully engage with the review of the South East Plan and the Regional Economic Strategy. The Revenue Budgets for 2009/10 and 2010/11 as set out in the table above, were confirmed on that basis.

CAPITAL PROGRAMME

11. Table 3, below, shows the initial, indicative, capital allocation to each Delivery Panels as reported to the Joint Committee in January. This indicative allocation was based on the Programme of Development (POD) preferred programme (which is the mechanism for bidding for Growth Point Funding, the main source of PUSH's resources) submitted by PUSH to the Department of Communities and Local Government (DCLG) in October 2008.
12. The initial allocation to delivery panels, together with the £609,000 reserve allocation, formed the starting point for the work of the PUSH Capital Programme Board ("star chamber") and the framework for the recommended programme, following detailed assessment of submitted project appraisals. The Board was also required to recommend an affordable Programme over both years (the Provisional Programme allocations were beyond the total Capital resources available for 2010/11). When the Joint Committee approved the 2008/9 Capital Programme, it was agreed that allocations were for 2008/09 only and that no funding was guaranteed for projects beyond this year. Therefore The Capital Programme Board reviewed all projects, including those commenced in the current year, in preparing the Capital Programme set out below.

13. A significant number of bids, totalling well in excess of the resources available (see Table 3 below) were received and assessed by the Panel. A brief assessment for each theme followed by the recommended Programme is set in the remainder of this section of the report.

Table 3: Bids & Resources

Theme/Delivery Panel	Provisional Allocation (January 2009) (£000s)		2009/10 (£000s)		2010/11 (£000s)	
	2009/10	2010/11	No. of Bids	Total Value	No. of Bids	Total Value
Economic Development	1,556	90	7	2,380	3	8,590
Sustainability & Community Infrastructure	910	1,600	6	915	2	2,350
Housing & Planning	3,785	7,020	10	6,116	9	6,665
Quality Places	-	-	1	800	1	2,200
Transport for South Hampshire	1,914	1,915	3	3,414	4	9,165
Balance	609	(1,196)				
Totals	8,774	9,429		13,625		28,970

Economic Development Projects

14. The main sub regional economic development focus for capital works continues to be the proposed regeneration and redevelopment of Eastleigh RiverSide. The main thrust of the capital spend here is to support land assembly and site preparation, which mirrors the approach with the major housing regeneration projects, and is felt to be a good use of the limited PUSH capital funding available to “pump-prime” strategic projects through “enabling” investment (e.g. land assembly, infrastructure provision or feasibility/advance design). At this stage of the project, a strategic land assembly programme, and advanced works aimed at environmental improvement and mitigation for future development is regarded as a prudent enabling investment. It was however noted that the detailed access arrangements, including the alignment of the proposed new link road have yet to be finalised.
15. Recognising the importance of flexibility and agility in a complex regeneration project like Eastleigh RiverSide, and the fact that a Project Board had also been in place for some time overseeing this multi-agency project, it was agreed to roll-up the various individual project proposals into a Land Assembly and Site Preparation Programme, to be administered by the Project Board. Whilst it was intended that flexibility should be provided to the Project Board through this arrangement, PUSH approval is required for variations between projects. It was also agreed to reserve approval for any land purchase solely for the purpose of facilitating access to the area, until access proposals have been finalised and agreed by the appropriate authorities.

Table 4a: Economic Development Theme Capital Allocations

Project	Other Secured Funding (£000s)	Programme (£000s)	
		2009/10	2010/11
Eastleigh River Side Environmental/Technical Studies	incl 62 c/f from 2008/9	92	-
Eastleigh River Side Env Imp - Ashtrim	35 (Env Agency)	40	15
Eastleigh River Side Land Assembly (2 land Parcels)*	incl 88 c/f from 2008/9	1,349	-
Eastleigh River Side Programme. Director	-	75	75
TOTAL (Proposed as a single Programme Allocation with guideline project allocations)		1,556	90

*Note: £.849,000 approval is reserved pending further approval (see paragraph 16 above).

Sustainability & Community Infrastructure Projects

16. The main strands of the proposed capital work for this area continue to be drainage and energy projects. The main thrust of the drainage capital works is on technical feasibility and advanced design studies to support preparation of project proposals and funding bids to Southern Water. The Southampton Energy project is considered to be an exemplar project for PUSH environmental and sustainability objectives. The overall allocation for this theme is significantly less than originally envisaged, largely due to delays in expected projects coming forward, in part as a result of the downturn in the economy.

Table 4b: Sustainability & Community Infrastructure Capital Allocations

Project	Other Secured Funding (£000s)	Programme (£000s)	
		2009/10	2010/11
Portsmouth Surface Water Separation	-	120	
Portsmouth E/W Sewer			
Forest Park for Southern Test Valley	-	-	50
Renewable Energy Evaluation Pilot	-	20	-
Southampton Local Energy Network	incl c/fwd from 2008/9	240	200
Spice Island Drainage*	-	100	1,000
TOTAL		480	1,250

* Note: £1m is reserved in 2010/11 pending further Joint Committee approval.

Housing and Planning Projects

17. The main focus of this Theme's projects is "enabling" investment on the three big estate renewal and regeneration projects at Rowner, Somerstown in Portsmouth and Hinkler Parade in Southampton. These are strategic and ambitious schemes targeting deprived areas and communities facing significant problems that go well beyond the physical condition of the dwelling stock and the general environment. The injection of capital for pump-priming and helping to bridge funding gaps in these early years of the projects makes a significant contribution and helps to secure other funding sources for the projects which could not be funded by PUSH beyond this initial investment.
18. In addition two feasibility studies were also approved at Driver's Wharf in Southampton and Gosport Waterfront where master-planning work will feed into traffic and access studies which are proposed for Gosport in 2009/10 (funded by PUSH through a specific revenue grant to TfSH see paragraph 10 above).

Table 4c: Housing and Planning Capital Allocations

Project	Other Secured Funding (£000s)	Programme (£000s)	
		2009/10	2010/11
Drivers Wharf Phase 1 (Access Study)	-	70	-
Gosport Waterfront and Town Centre Master-planning	Developer funding also agreed in principle.	38	37
Rowner Renewal, Gosport	£28.5m of other funding committed over the period 2008/9 and 2009/10)	975	-
Somerstown Portsmouth	Includes forecast £400k underspend c/fwd from 2008/09	1,740	1,280
Southampton Estate Renewal	-	790	1,900
TOTAL		3,613	3,217

Quality Places Projects

19. The only allocation is for a project at the Theatre Royal in Portsmouth. This will provide a new "Performing Arts" facility which is complementary to a major investment in creative industries by Portsmouth University in a second facility being developed to support design and visual arts. PUSH "pump-priming" investment will help to secure the potentially significant external funding available to this project.

Table 4d: Quality Places Capital Allocation

Project	Other Secured Funding (£000s)	Programme (£000s)	
		2009/10	2010/11
Portsmouth Creative Industries	£17.8m University of Portsmouth; £0.7m New Theatre Royal.	700	-
TOTAL		700	-

Transport For South Hampshire Capital Grant

20. TfSH has advised that its main priorities for capital works at the Growth Fund scale over the next two years are the implementation of a phased junction improvement scheme at Junction 5 of the M27 (Eastleigh/Southampton /Airport). This scheme will benefit traffic flows and capacity at an important junction, which would also assist with future planned access to the Eastleigh River Side site. The other recommended project is Tipner, a mixed use regeneration and redevelopment scheme, which also proposes a park and ride facility to serve central Portsmouth. The proposed redevelopment is contingent on new access arrangements, in this case a proposed new motorway junction on the M275. The Tipner scheme has secured in principle agreement to bring forward funding reserved for an “access to Portsmouth package” in the regional transport Board programme, but considerable work is needed to develop a major scheme business case, which must be approved to secure the funding. Similar grant conditions are to be applied to the TfSH grant as in 2008/9.

Table 4e: Transport for South Hampshire Capital Grant

Project	Other Secured Funding (£000s)	Programme (£000s)	
		2009/10	2010/11
Tipner – New Motorway Junction	£1.2m from PCC.	600	-
M27 Junction 5 Phase 1	£736k from HCC.	1,914	-
M27 Junction 5 Phase 2	£358k from HCC. <i>Bid to Regional Transport Board for £977k not currently funded)</i>	-	1915
TOTAL		2,514	1,915

21. Therefore the Capital Allocations for the Various themes, incl. TfSH, were:-

Table 5: PUSH Capital Programme Allocations

<u>Theme / Delivery Panel</u>	Planned C/fwd from 2008/09 £000	Base Budget Allocation 2009/10 £000	2009/10 Total Allocation £000	2010/11 Initial Allocation £000
Economic Development	169	1,387	1,556	90
Sustainability & Community Infrastructure	40	440	480	1,250
Housing & Planning	300	3,313	3,613	3,217
Quality Places	-	700	700	-
Transport for South Hampshire	-	2,514	2,514	1,915
Balance	784	-536	248	2,957
Total resources	1,293	7,818	9,111	9,429

CONCLUSION

22. The revenue budget and capital allocations were considered to represent a prudent, balanced and effective programme to support delivery of the PUSH core objectives, within the framework this limited resource stream. Allocations are based on the submitted Growth Point Programme and the indicative budgets approved in June 2008, but with some proposed changes, such as an increased revenue budget for economic development, to reflect the economic situation and to reinforce the core mission of PUSH. PUSH remains concerned to secure adequate capital investment in infrastructure to support future growth, and has recognised the importance of this area by the creation of the external funding and resources panel to advance work in the coming year.
23. It is therefore recommended that the Committee considers and notes the PUSH Revenue Budget and Capital Programme for 2009/10 and 2010/11.

Background Papers: - PUSH Capital Projects 2009 Summary Report

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