



Item 9

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

Date: 1 March 2011

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

Subject: Capital and Revenue Budget Monitoring 2010/11 and Emerging Provisional Capital and Revenue Budgets 2011/12

SUMMARY

This report summarises the forecast outturn against the budget for the financial year 2010/11, and the emerging provisional budget for 2011/12, in advance of the presentation of both the forecast year end position for 2010/11 and the provisional budget for 2011/12 at the meeting of the Joint Committee on 9 March 2011.

RECOMMENDATION

The Overview and Scrutiny 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 carry forward of the following items in the revenue budget to 2011/12:
 - Economic Development: £98,000 to cover activities in support of the recently adopted PUSH Economic Development Strategy.
 - Sustainability and Community Infrastructure: £3,000 to support green infrastructure implementation.
 - Housing and Planning: £71,000 for ongoing work with the Local Investment Plan
 - Quality Places: £23,000 to cover ongoing activity, including work that has been commissioned in the current year and is due to complete in 2011/12
3. NOTE the carry forward of the following items in the capital budget to 2011/12, totalling £3,387,000:
 - The allocations totalling £2,366,000 approved by Joint Committee at the meeting in January 2011;
 - Dunsbury Hill Farm: £250,000;
 - Eastleigh Riverside: £271,000;

- Somerstown Estate Renewal: £470,000
 - Tipner: £30,000;
4. NOTE the reduction of £33,000 in Eastleigh Riverside budget for 2010/11 and the consequent transfer of the amount to the uncommitted capital balance;
 5. NOTE the capitalisation of the costs associated with the Programme and Information Manager to manage the capital programme from 1 April 2011;
 6. NOTE the proposed revenue budget allocations for 2011/12, as set out in this report;
 7. NOTE the proposed capital programme for 2011/12, as set out in this report;
 8. NOTE that the forecast under spends to be carried forward from the 2010/11 budgets into the funding available for 2011/12 are provisional, and may be subject to further change.

INTRODUCTION

1. This report sets out the position on the capital and revenue budgets for 2010/11 and updates the Committee on activity since the last meeting in November 2010. In addition the report sets out the proposed revenue budget and capital allocations for 2011-12 financial year, for the Joint Committee to approve, as a basis for commencing the year. It is noted that, once the year end position for 2010/11 is confirmed, the Joint Committee will be asked to approve the final budget in June 2011.
2. The report also sets out the forecast expenditure position to the end of the current financial year. This will be subject to further change before the closure of the 2010/11 Accounts, and the proposed final outturn will be reported to the next meeting of this Committee.
3. The capital programme currently approved by Joint Committee includes unallocated resources of £415,000.

RESOURCES

4. Table 1, below, shows the PUSH resources available for 2010/11, including income that is still outstanding, together with the provisional resources available for 2011/12.

The interest received on the balance in the PUSH account will not be confirmed until the end of the financial year, but a provisional calculation indicates that there may be a slight shortfall against the budget of £20,000, but the final figure will depend on how much of the remaining balance is spent before the end of the financial year.

The indicative resources for the financial year 2011/12 have been calculated from the estimated partner contributions, based on the 2010/11 contributions of the remaining partners, together with forecast revenue under spend, the uncommitted capital balance, and the committed carry forwards from the current financial year. This will be subject to further adjustment until the final outturn for the year is known.

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 31 January £000	2011/12 Provisional 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	99	0
Interest on balances	20	20	0	5
Other local authority funding	15	15	15	0
Cultural Coordinator	55	55	54	0
Contributions				
SEEDA Contribution to Quality Places Launch	5	5	5	0
Planned carry forward from previous year	466	466	466	969
Add. underspend from previous year	636	618	618	0
	2,255	2,171	2,150	1,188
Capital funds				
New Growth Point (capital)	5,336	5,336	5,336	0
Planned underspend from previous year	370	370	370	415
Add. Carry forward from previous year	1,964	1,964	1,964	3,387
	7,670	7,670	7,670	3,802
Total resources	9,925	9,841	9,804	4,990

PARTNER CONTRIBUTIONS TO PUSH

- Following confirmation of the withdrawal of Hampshire County Council and in anticipation of New Forest District Council withdrawing from PUSH, both with effect from 1 April 2011, the basis of partners' financial contributions to PUSH has to be re-assessed, and the forecast core funding from the remaining Local Authorities is detailed in Table 1. It is expected that the Isle of Wight Council will join PUSH from 1 April 2011, and therefore the total core funding from Local Authorities will be revised to reflect their membership

The current formula for calculating individual contributions is set out in the Joint Agreement, and is based on population figures derived from the 2001 census. It is proposed that the revised Joint Agreement retains the same formula, and it is recognised that in future years this may need to be revised to reflect the population figures from the Census that will take place in 2011. Therefore for planning and budgeting purposes, it has been assumed that the 2010/11

contributions made by the continuing partners will be maintained.

REVENUE BUDGET

6. Table 2, below, sets out the revenue budget for 2010/11 as approved by the Joint Committee in January 2011. The table also shows spend in the current financial year to the end of January, together with an estimate of the outturn for the financial year. Any forecast underspend for the year will, together with partner contributions for 2011/12, provide resources to meet commitments in 2011/12.
7. At the meeting in November 2010, 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. The Joint Committee will be asked to approve the carry forward of committed sums at their next meeting, and the provision revenue budget allocations, as set out in the paragraphs below.
8. For **Economic Development** a total carry forward of £98,000 is requested to cover activities in support of the recently adopted PUSH Economic Development Strategy. This includes work in support of the Employment and Skills Board and the delivery of their action plan, Inward Investment and the development of the Solent Value proposition and ongoing work in relation to European funding streams. In addition a further £102,000 has been allocated for 2011/12 to cover the Economic Development Director post until the end of May 2011, and the ongoing work associated with the delivery of the Implementation plan. The provisional revenue budget for 2011/12 is therefore £200,000
9. In January 2011, the Joint Committee approved the carry forward of £23,000 in the revenue budget for **Sustainability and Community Infrastructure** to 2011/12 to meet the costs of the Green Infrastructure Co-ordinator post. The Joint Committee will now be asked to approve an additional carry forward of £3,000 required to support the Green Infrastructure strategy work and to produce the GI implementation plan, to be completed by August 2011. The provisional revenue budget for 2011/12 is therefore £26,000
10. Within the **Housing and Planning** revenue budget, £71,000 is committed to facilitate activities identified in the PUSH Local Investment Plan agreed with HCA, and endorsed by the Joint Committee in September 2010. This will not be spent in the current year, but will be needed in 2011/12 and the Joint Committee will be asked to approve the carry forward. In addition a further £29,000 has been allocated for 2011/12 to support continued joint working on housing and planning policy and the development of a strategy framework for the area which reflects the revised forecasts and preferred growth scenario produced as part of the recently adopted Economic Development strategy. The provisional revenue budget for 2011/12 is therefore £100,000
11. The **Quality Places** panel is continuing with work on a number of areas including, culture and sports needs in Spatial Planning and the development of the PUSH Design Training guidance. In addition, currently, the budget includes a carry forward to meet the cost of the Quality Places Manger post to the end of

June 2011. The provisional revenue budget for 2011/12 is therefore £48,000.

12. The **TfSH** revenue allocation of £250,000 is forecast to be fully spent by 31 March 2011, and there is no revenue allocation for 2011/12.
13. The revenue allocation to **the External Funding Panel** is not expected to be fully spent in 2010/11, but it is anticipated that £25,000 will be spent commissioning work on funding models, and the Joint Committee is asked to approve the balance to be carried forward to the new year, as work will need to continue on the development of new and innovative funding models. The provisional revenue budget for 2011/12 is therefore £50,000.
14. In line with the commitment to ensure that both the governance and staffing arrangements in the PUSH Core team are as lean and as fit for purpose as possible, and due to the current financial situation there is a presumption to move forward with a smaller core PUSH team supplemented by secondments from partner authorities, the wider agencies or other parties as appropriate. Work is underway to secure cost efficiencies in this area and this is reflected in the estimated out-turn for 2010/11 which is expected to be £77,000 lower than 2009/10. In relation to 2011/12, the provisional budget includes an operational contingency of £100,000 to cover costs associated with the transfer of lead authority arrangements, and a transfer of £200,000 from revenue reserve to Central Costs and Operational Contingency budget for to cover any potential commitments that may arise through the development of the Solent LEP, noting that any such expenditure will only be approved in consultation with the Chairman and Vice Chairmen of the Joint Committee. The provisional revenue budget for 2011/12 is therefore £550,000.

Table 2: Revenue Allocations	Revised Revenue Budget Jan 2011	Spend to 31 Jan. 2011	Estimated outturn for 2010/11	Forecast under spend (-) 2010/11	Carry Forward to 2011/12 approved/ requested	2011/12 Total Provisional Allocation
	£000	£000	£000	£000	£000	£000
Economic Development	360	100	150	-210	98	200
Sustainability and Community Infrastructure	107	15	104	-3	26	26
Housing and Planning	188	62	117	-71	71	100
Quality Places	196	105	158	-38	33	48
Transport for South Hampshire	250	0	250	0	0	0
External Funding and Resources	75	0	25	-50	50	50
Central Costs and Operational Contingency	505	255	398	-107	0	550
Balance	490	0	0	-490	0	214
Total	2,171	537	1,202	- 969	278	1,188

CAPITAL BUDGET

15. Table 3, below, sets out the summary capital budget for 2010/11 as approved by the Joint Committee in January 2011. The programme set out below totals £7,355,000, leaving a balance of £315,000 still available to be allocated.
16. In January 2011, the Joint Committee approved the allocation of resources to a number of new projects, totalling £2,366,000. It was accepted at the time of the approval that, given the timescales involved, the projects would be unlikely to be able to spend the allocations in the current financial year, so the Joint Committee will be asked to approve the carry forward of all these allocations to 2011/12.
17. The costs of the Programme and Information Manager Post have previously been included in the revenue budget for central costs. From 1 April 2011 the focus of the work for the post will almost be exclusively on managing the capital programme. It is therefore appropriate to capitalise these costs from that date. The Joint Committee is asked to approve this transfer and the establishment of a budget within the overall capital budget for 2011/12 to cover the estimated cost of this post through to early 2012/13. This is to ensure that PUSH can meet

the requirements of the HCA who advise that a statement of grant usage will be required to cover expenditure of Growth Fund grant for each year it is spent. On this basis it is expected that we will need to make this return early in 2012/13 for the year 2011/12.

18. The table also shows expenditure to the end of January 2011 against each project, and the total expenditure forecast to the end of the year. The paragraphs below sets out where any additional carry forward to 2011/12 is being requested, together with the reasons for the request. The progress on each project is being regularly reviewed and reported by the Programme and Information Manager, and the forecast final I outturn will be updated to the Committee at its next meeting.

Table 3: Capital Allocations	Budget approved January 2011	Spend to 31 January 2011	Forecast outturn for 2010/11	Forecast under spend (-) 2010/11	Proposed carry forward to 2011/12	Total Provisional Budget 2011/12
	£000	£000	£000	£000	£000	£000
Economic Development	1,439	77	235	-1,204	1,171	1,171
Sustainability and Community Infrastructure	205	35	60	-145	145	145
Housing and Planning	3,445	1,029	2,747	-698	698	698
Quality Places	1,075	232	232	-843	843	843
Transport for South Hampshire	1,124	417	594	-530	530	530
Programme Management						100
Balance	382	0	0	-382	0	315
Total	7,670	1,790	3,868	-3,802	3,387	3,802

The detailed allocations to projects are set out by theme lead areas in tables 4a to 4e.

Economic development

Table 4a: Economic Development Capital Programme	Budget approved January 2011	Spend to 31 January 2011	Forecast outturn for 2010/11	Forecast under spend (-) 2010/11	Proposed carry forward to 2011/12
Project	£000	£000	£000	£000	£000
Eastleigh River Side	439	77	135	-304	271
Dunsbury Hill Farm	350	0	100	-250	250
Swan Studios	150	0	0	-150	150
SEEDA Sites & Regeneration	500	0	0	-500	500
TOTAL	1,439	77	235	-1,204	1,171

19. In relation to table 4a the existing projects of Eastleigh Riverside and Dunsbury Hill Farm are expected to continue into 2011/12.
20. For Eastleigh Riverside the anticipated spend in 2010/11 is £135,000 and the project lead has advised that the total budget requirement for the project is now lower than the £439,000 previously approved by the Joint Committee. The total budget requirement is now £406,000 and a carry forward of £271,000 is therefore being requested to support the project which has been delayed due to the complex nature of land ownership negotiations, and planning for the whole of the Eastleigh Riverside area. This will leave an unspent balance of £33,000 after taking into account the carry forward requested above. It is proposed to return this amount to the unallocated balance. On this basis the provisional allocation for Eastleigh Riverside for 2011/12 is £271,000
21. For Dunsbury Hill Farm work has progressed, but there is an unavoidable delay in delivery is due to ecological studies that are seasonal in nature and which must be completed in support of the planning application process. The project team has at this stage flagged up that the project may run into June 2012/13 and the HCA have advised that the grant is un-ring fenced and therefore they are agreeable to carry forward NGP capital funding into 2012/13 for this purpose. On this basis the forecast year end spend is expected to be £100,000 and there is a request to carry forward the balance of £250,000, which would be the provisional allocation for 2011/12
22. The remaining two projects; the Swan Studios and the SEEDA sites work were only recently approved by Joint Committee and therefore it is not anticipated that project spend will occur in the current financial year. On this basis the provisional allocations for 2011/12 match the budget approved in January 2011.
23. In summary there are four capital projects under the Economic Development theme with a provisional budget allocation for 2011/12 of £1,171,000.

Sustainability and Community Infrastructure

Table 4b: Sustainability & Community Infrastructure Capital Programme	Budget approved January 2011	Spend to 31 January 2011	Forecast outturn for 2010/11	Forecast under spend (-) 2010/11	Proposed carry forward to 2011/12
Project	£000	£000	£000	£000	£000
Renewable Energy Evaluation Pilot	6	6	6	0	0
Forest Park	25	0	25	0	0
Portsmouth E/W Sewers/ Water Separation	29	29	29	0	0
National Cycle Network	145	0	0	-145	145
TOTAL	205	35	60	- 145	145

24. In relation to table 4b and as previously reported to the Joint Committee, the renewable energy project and Portsmouth Surface Water Separation/East West Sewers project is complete. In addition the Forest Park project is on track to complete in the current year.
25. The remaining project, the National Cycle Network, was only recently approved by Joint Committee and therefore it is not anticipated that project spend will occur in the current financial year. On this basis the provisional allocation for 2011/12 match the budget approved in January 2011.
26. In summary there is one capital project under the sustainability and community infrastructure theme with a provisional budget allocation for 2011/12 of £145,000.

Housing and Planning

Table 4c: Housing and Planning Capital Programme	Budget approved January 2011	Spend to 31 January 2011	Forecast outturn for 2010/11	Forecast under spend (-) 2010/11	Proposed carry forward to 2011/12
Project	£000	£000	£000	£000	£000
Gosport Waterfront and Town Centre Master-planning	37	37	37	0	0
SDA Staff costs	101	70	101	0	0
Somerstown Portsmouth	1,839	352	1,369	-470	470
Southampton Estate Regeneration	1,240	570	1,240	0	0
Fareham SDA Tech. Studies	30	0	0	-30	30
North Rowner	198	0	0	-198	198
TOTAL	3,445	1,029	2,747	- 698	698

30. In relation to table 4c Gosport Waterfront and Town centre project has completed, and Southampton Estate regeneration is expected to be complete by the end of March 2011. As previously approved by the Joint Committee, the costs of Fareham SDA staff have been capitalised and transferred from the Housing and Planning Revenue budget. These fixed term posts will come to an end as originally intended on 31 March 2011
31. The Somerstown Estate Renewal Phase 1 have advised that the project is expected to continue into 2011/12 due to a slippage in the milestone associated with the Wellington street development site where they are currently awaiting a decision to concerning a planning consent connected with the land surrounding the Wellington Street site. On this basis the Joint Committee will be asked to approve a £470,000 carry forward into 2011/12.
32. The two remaining projects, Fareham SDA technical studies and North Rowner were only recently approved by Joint Committee and therefore it is not anticipated that project spend will occur in the current financial year. On this basis the provisional allocations for 2011/12 match the budget approved in January 2011
33. In summary there are three capital projects under the housing and planning theme with a provisional budget allocation for 2011/12 of £698,000.

Quality Places

Table 4d: Quality Places Capital Programme	Budget approved January 2011	Spend to 31 January 2011	Forecast outturn for 2010/11	Forecast under spend (-) 2010/11	Proposed carry forward to 2011/12
Project	£000	£000	£000	£000	£000
Portsmouth Creative Industries Phase 1	232	232	232	0	0
London Road Waterlooville	343	0	0	-343	343
Portsmouth Creative Industries Phase 2	500	0	0	-500	500
TOTAL	1,075	232	232	- 843	843

34. In relation to table 4d and as previously reported to the Joint Committee, the Portsmouth Creative Industries phase 1 project is now complete.
35. The two remaining projects, London Road Waterlooville and Portsmouth Creative Industries Phase 2, were only recently approved by Joint Committee and therefore it is not anticipated that project spend will occur in the current financial year. On this basis the provisional allocations for 2011/12 match the budget approved in January 2011
36. In summary there are two capital projects under the Quality Places theme with a provisional budget allocation for 2011/12 of £843,000.

Transport for South Hampshire

Table 4e: Transport for South Hampshire Capital	Budget approved January 2011	Spend to 31 January 2011	Forecast outturn for 2010/11	Forecast under spend (-) 2010/11	Proposed carry forward to 2011/12
Project	£000	£000	£000	£000	£000
M27 Junction 5 Phase 1	167	167	167	0	0
Tipner	457	250	427	-30	30
Modelling Evidence Base	500	0	0	-500	500
TOTAL	1,124	417	594	- 530	530

37. In relation to table 4e and as previously reported, M27 Junction 5, phase 1 is now complete.

38. In November 2010, the Joint Committee approved an increased allocation of £457,000 for the Tipner project. The project continues to be on track, but the Joint Committee will be asked to approve a carry forward of £30,000 in 2011/12, due to adverse weather in December, coupled with the need to finish some ecological. studies Completion is now expected by August 2011.
39. The remaining project, the TfSH modelling evidence base, was only recently approved by Joint Committee and therefore it is not anticipated that project spend will occur in the current financial year. On this basis the provisional allocation for 2011/12 match the budget approved in January 2011.
40. In summary there are two capital projects under TfSH with a provisional budget allocation for 2011/12 of £530,000.

CONCLUSION

The Overview and Scrutiny Committee is asked 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 carry forward of the following items in the revenue budget to 2011/12:
 - Economic Development: £98,000 to cover activities in support of the recently adopted PUSH Economic Development Strategy.
 - Sustainability and Community Infrastructure: £3,000 to support green infrastructure implementation.
 - Housing and Planning: £71,000 for ongoing work with the Local Investment Plan
 - Quality Places: £23,000 to cover ongoing activity, including work that has been commissioned in the current year and is due to complete in 2011/12
3. NOTE the carry forward of the following items in the capital budget to 2011/12, totalling £3,387,000:
 - The allocations totalling £2,366,000 approved by Joint Committee at the meeting in January 2011;
 - Dunsbury Hill Farm: £250,000;
 - Eastleigh Riverside: £271,000;
 - Somerstown Estate Renewal: £470,000; and
 - Tipner: £30,000.
4. NOTE the reduction of £33,000 in Eastleigh Riverside budget for 2010/11 and the consequent transfer of the amount to the uncommitted capital balance
5. NOTE the capitalisation of the costs associated with the Programme and

Information Manager to manage the capital programme from 1 April 2011.

6. NOTE the proposed revenue budget allocations for 2011/12, as set out in this report.
7. NOTE the proposed capital programme for 2011/12, as set out in this report
8. NOTE that the forecast under spends to be carried forward from the 2010/11 budgets into the funding available for 2011/12 are provisional, and may be subject to further change.

Background Papers:

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

Joint Committee 11 January 2011 – Item 7 Capital and Revenue Budget Monitoring 2010/11

Joint Committee 11 January 2011 – Item 8 PUSH 2010/11 Capital Programme Recommendations (including supplementary paper)

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