



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

Date: **22 November 2011**

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

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

SUMMARY

This report provides an update for the Overview and Scrutiny Committee on progress to date against the approved revenue and capital programmes in the current financial year.

RECOMMENDATION

This Committee is recommended to NOTE the revised capital and revenue budgets for 2011/12 as set out in the report, and the spend for the year to date.

INTRODUCTION

1. This report updates the Overview and Scrutiny 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 October 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.

Table 1: Total resources available	2011/12 Budget Approved June 2011 £000	2011/12 Expected Changes £000	2011/12 Revised Budget Approved Oct 2011 £000	2011/12 Received to date £000
Revenue funds				
Core funding (local authorities)	347	(44)	303	303
CLG Transitional Fund	90		90	90
New Growth Point (revenue)	0		0	0
Interest on balances	5		5	0
Other local authority funding	0		0	0
Cultural Coordinator Contributions	0		0	0
Underspend from previous year	611		611	611
Carry forward from 2010/11 to 2011/12	288		288	288
	1,341	(44)	1,297	1,292
Capital funds				
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
	3,715		3,715	3,715
Total resources	5,056	(44)	5,012	5,007

REVENUE BUDGET

4. Table 2, below, sets out the revenue budget for 2011/12 as approved by the Joint Committee in October 2011.

5. The table also shows spend in the current financial year to the end of October. 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. 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, Skills and inward investment. It is anticipated that the panel will be considering this as part of its transition planning and a further update will be provided to the Joint Committee at the next meeting in December 2011.
7. Within the Housing and Planning Delivery Panel, much of the planned work is underway including a housing market assessment for 2011 which is currently being commissioned. A revised spatial plan is also under development. The initial work was considered at a Members' workshop on 25 October 2011. A further workshop will be scheduled in January 2012 to update Members on progress.
8. 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 was tabled as a separate agenda item at the October Joint Committee meeting.
9. The work of the Quality Places Delivery Panel is underway and progressing as planned.
10. At its 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 all the remaining balance of £190,000, will be required. It is also 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.

Table 2: Revenue Allocations	2011/12 Budget Approved Oct JC	Proposed Changes	2011/12 Revised Budget	Spend to end Oct 2011
	£000	£000	£000	£000
Economic Development	222	-	222	33
Sustainability and Community Infrastructure	29	-	29	20
Housing and Planning	160	-	160	47
Quality Places	38	-	38	23
External Funding and Resources	75	-	75	21
Central Costs and Operational Contingency	500	-	500	138
Transition Costs	50	-	50	7
Balance/Contingency Reserve	223	-	223	0
Total	1,297	-	1,297	289

CAPITAL BUDGET

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

Table 3: Capital Allocations	Approved Budget for 2011/12 Oct JC	Spend to end Oct 2011
	£000	£000
Economic Development	1,271	286
Sustainability and Community Infrastructure	137	19
Housing and Planning	530	302
Quality Places	1,143	30
Transport for South Hampshire	530	409
Programme Management	100	35
Balance	4	0
Total	3,715	1,081

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

ECONOMIC DEVELOPMENT

Project	Approved Budget for 2011/12 Oct JC	Spend to end Oct 2011
	£000	£000
Eastleigh River Side	211	38
Dunsbury Hill Farm	335	184
SEEDA Sites & Regeneration	440	36
Swan Studios	150	0
Gosport Waterfront	15	0
Development and Infrastructure Manager	120	28
TOTAL	1,271	286

14. The Eastleigh Riverside project was based upon the construction of a single road linking together a number of major development and brownfield sites to junction 5 of the M27. Progress on this project has been affected by the recession and economic downturn as well as the reduction in central government spending on enabling infrastructure. Therefore work is underway to consider alternative development opportunities, funding models and phasing for this project
15. Dunsbury Hill Farm project is underway. Spend to date reflects the various completed activities required to inform the planning application due to be submitted in December 2011. The project is however, currently awaiting a decision from the Highways Agency on agreeing the traffic model before the planning application can be progressed further.
16. 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. The Joint Committee will be required to endorse the formal Stewardship Agreement at its December 2011 meeting and to submit what is effectively a bid to the HCA for resources by the beginning of 2012.
17. The Swan studios project is currently also under review and a progress update will be provided early in 2012, and there is an expectation that delivery will go into the 2012/12 year. The project team have been advised that they will need to produce a business case to support the carry forward of funding.
18. The Gosport Waterfront Project feasibility study is underway and discussions are taking place with the landowner of the Royal Clarence Yard in relation to the way forward for the proposed development of the site, which is situated on the Gosport Waterfront.

SUSTAINABILITY AND COMMUNITY INFRASTRUCTURE

Table 4b: Sustainability & Community Infrastructure Capital Allocations 2011/12		
Project	Approved Budget for 2011/12 Oct JC	Spend to end Oct 2011
	£000	£000
National Cycle Network	137	19
TOTAL	137	19

19. The capital allocation for Sustainability and Community Infrastructure is as reported to the Joint Committee in October 2011. The National Cycle Network Project is underway and progressing as planned. The project is on track to conclude by 31 March 2011.

HOUSING AND PLANNING

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

20. 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.
21. Both the Fareham SDA studies and North Rowner projects are underway and progressing as planned.

QUALITY PLACES

Project	Approved Budget for 2011/12 Oct JC	Spend to end Oct 2011
	£000	£000
London Road Waterlooville	343	30
Southampton Cultural Quarter	300	0
Portsmouth Creative Industries Phase 2	500	0
TOTAL	1,143	30

22. The capital allocations for Quality Places are as reported to the Joint Committee in October 2011. The London Road Project has now completed the early design work and is due to commission the construction phase of the project.
23. The Southampton Cultural Quarter project team remains committed to delivering the Sea City Museum by March 2012. At its October meeting, the Joint Committee approved the re-distribution of the allocation identified for the North Guild element of the project to fund the Sea City scheme. Planning approval for the development has now been secured; construction is due to commence in January and complete by 31st March 2012 in time for the opening of the Sea City Museum in April 2012.
24. At its October meeting, the Joint Committee received an update in relation to the New Theatre Royal project. It was noted that the overall aims, objectives and anticipated outcomes of the project remain unchanged as per the previously approved bid. However, a new lead accountable body arrangement was proposed and a revised timescale to reflect the fact that the Planning permissions are not anticipated being in place until the end of 2011. The Joint Committee noted the change in scope and the lead arrangements for New Theatre Royal Project and approved the New Theatre Royal as the Lead accountable body for the project.

TRANSPORT FOR SOUTH HAMPSHIRE (TfSH)

Table 4e: Transport for South Hampshire Capital Allocation 2011/12		
Project	Approved Budget for 2011/12 June JC	Spend to end August 2011
	£000	£000
Evidence Base Modelling	500	396
Tipner	30	13
TOTAL	530	409

25. The TfSH Evidence Base Modelling Project is progressing as planned and due to conclude by 31st 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.
26. In relation to the Tipner Project, the final activity relating to the ecological study has now concluded and as a consequence the project is now complete. To date the Project has benefitted from a total PUSH capital allocation of approximately £1.6m for enabling works over the period of 2009/10 and 2010/11 in relation to addressing site contamination issues, the development of various feasibility studies and environmental impact assessments.

CONCLUSION

27. This Committee is recommended to NOTE the revised capital and revenue budgets for 2011/12 as set out in the report, and the spend for the year to date.

Background Papers:

Joint Committee 6 October 2011 – Item 9: Capital and Revenue Budget Monitoring 2011/12

Enquiries:

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