



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

Date: **7 February 2012**

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, including a forecast outturn for the current financial year, and an indication of the likely level of resources available for 2012/13.

## **RECOMMENDATION**

The Overview and Scrutiny Committee is recommended to:-

1. NOTE the revised capital and revenue budgets for 2011/12 the spend for the year to date, and the forecast outturn for the year as set out in the report,
2. NOTE the indicative capital and revenue budgets for 2012/13 as set out in the report.

## 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.
2. The report also sets out the forecast position to the end of the current financial year. The report also sets out the indicative budgets for 2012/13, based on expected resources available including likely requests for carry forward of budgets from 2011/12. Formal requests for carry forward of budgets from 2011/12 will come to the Joint Committee for consideration and approval at the March 2012 meeting.

## RESOURCES

4. Table 1, below, shows the estimated PUSH resources available for 2011/12, together with what income is still outstanding, as well as an indication of the likely resources available for 2012/13.
5. The indicative resources for the financial year 2012/13 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 Committee an idea of the likely level of revenue resources, and the recognition that some capital projects will carry forward into 2012/13.
6. 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 Revised Budget Approved Dec 2011  £000	2011/12 Received to date  £000	2012/13 Indicative Budget  £000
<b>Revenue funds</b>				
Core funding (local authorities)	347	303	303	303
CLG Transitional Fund	90	90	90	0
New Growth Point (revenue)	0	0	0	0
Interest on balances	5	5	0	2
Other local authority funding	0	0	0	0
Cultural Coordinator Contributions	0	0	0	0
Carry forward from previous year	288	288	288	678
Underspend from previous year	611	611	611	100
Virement to Capital				(20)
	<b>1,341</b>	<b>1,297</b>	<b>1,292</b>	<b>1,063</b>
<b>Capital funds</b>				
New Growth Point (capital)	0	0	0	0
Carry forward from previous year	251	251	251	1,471
Underspend from previous year	3,464	3,464	3,464	4
Virement from Revenue				20
	<b>3,715</b>	<b>3,715</b>	<b>3,715</b>	<b>1,495</b>

<b>Total resources</b>	<b>5,056</b>	<b>5,012</b>	<b>5,007</b>	<b>2,558</b>
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**REVENUE BUDGET**

7. Table 2, below, sets out the revenue budget for 2011/12 as approved by the Joint Committee in December 2011.
8. The table also shows spend in the current financial year to the end of December. Regular monitoring meetings are being held with each Delivery Panel and on the core team budget.

<b>Table 2: Revenue Allocations</b>	2011/12 Budget Approved Dec JC	Spend to end Dec 2011	2011/12 Forecast Outturn	Forecast Over / (Under) Spend	2012/13 Indicative Budget
	£000	£000	£000	£000	£000
Economic Development	222	34	65	(157)	157
Sustainability & Community Infrastructure	29	20	21	(8)	8
Housing & Planning	160	17	70	(90)	90
Quality Places	38	32	32	(6)	6
External Funding & Resources	75	20	25	(50)	50
Central Costs & Operational Contingency	500	146	300	(200)	400
Transition Costs	50	17	50	0	0
Contingency Reserve	267	0	0	(267)	267
Balance					85
<b>Total</b>	<b>1,341</b>	<b>286</b>	<b>563</b>	<b>(778)</b>	<b>1,063</b>

9. For **Economic Development** the panel have deferred a number of activities, Therefore spend to date has been minimal and 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. The panel have indicated that they will be submitting a business case to support the carry forward of all the under spend to cover activities in support of Solent LEP priorities and the PUSH Economic Development Strategy. This includes work in support of the Employment and Skills Board and the delivery of their action plan, development of the Inward Investment work as well as activities related to exploring European funding streams. 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 Committee at the next meeting.
10. Much of the **Housing and Planning** work is well underway. The minimal spend to date reflects the time taken to commission and develop the work related to the Spatial strategy update and various Housing studies which PUSH has committed to within its 2011/13 Business Plan. Therefore a carry forward request of will need to be considered for the anticipated under spend in 2011/12 to ensure the completion of the 2011 Housing Assessment Study and the Spatial Strategy work both of which will conclude in the next financial year. It is also expected that further work will be commissioned to support the development of a sustainability appraisal to support the spatial strategy and a piece of work to review compliance with the Habitats regulation assessment and as a result there maybe a requirement to supplement the indicative budget with additional funds from the balance in 2012/13.
11. The **Sustainability and Community Infrastructure** panel have to date spent £20,000 on activities related to the Green Infrastructure work. A carry forward request of £8,000 will come forward to help to support the completion of this activity and also to develop the work on the Solent Low Carbon Agenda, following the Joint event with Economic Development panel held in Southampton on 18<sup>th</sup> November 2011. This identified actions that both panel's wish to now progress in collaboration with key businesses in the Solent area.
12. The **Quality Places** panel will continue work on a number of areas as identified within the PUSH Business Plan. A carry forward request for the whole of the underspend of £6,000 will be submitted to help further the work on Developing Excellence and the work programme agreed with English Heritage to deliver a number of activities one of which will be to launch an event for the Creative Industries sector led partnership.
13. The revenue allocation to **the External Funding** panel is not expected to be fully spent in 2011/12 due to ongoing work related to the TIF funding model commission. It is anticipated therefore that the funding model work will progress into 2012/13 and the cost of completing this work will need to be accounted for. A further allocation has also been identified to explore the potential of enabling larger revolving fund within PUSH to build on the PUSH Growing Places Fund was confirmed by Government.
14. The revenue allocation for the **Core team** is not expected to be fully spent in 2011/12 as the transitional costs set aside for the office move and the

consolidation of the core team were lower than expected. In addition the contingency set aside to support start up Solent LEP activity was not fully spent as the LEP received over £120,000 of capacity and start up funds from BIS in 2011/12. They have been advised that they will receive a further £26,000 of capacity funds in 2012/13. On this basis £100,000 will be unallocated in 2011/12 and will be returned to the central balance and a request of £100,000 carry forward funds will need to be considered to support LEP related activities in 2012/13.

## CAPITAL BUDGET

15. Table 3, below, sets out the capital budget for 2011/12 as approved by the Joint Committee in October 2011. 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.
16. The detailed allocations to projects within each Delivery Panel are set out in the tables below

<b>Table 3: Capital Allocations</b>	2011/12 Budget Approved Dec JC	Spend to end Dec 2011	2011/12 Forecast Outturn	Forecast Over / (Under) Spend	2012/13 Indicative Budget
	£000	£000	£000	£000	£000
Economic Development	1,271	440	569	(702)	702
Sustainability & Community Infrastructure	137	19	122	(15)	15
Housing & Planning	530	302	356	(174)	174
Quality Places	1,143	70	593	(550)	550
TfSH	530	426	530	0	0
Programme Manager	100	35	70	(30)	54
Planned Underspend	4			(4)	0
<b>Total</b>	<b>3,715</b>	<b>1,292</b>	<b>2,230</b>	<b>(1,475)</b>	<b>1,495</b>

## ECONOMIC DEVELOPMENT

Table 4a.

Project	2011/12 Budget Approved Dec JC	Spend to end Dec 2011	2011/12 Forecast Outturn	Forecast Over / (Under) Spend	2012/13 Indicative Budget
	£000	£000	£000	£000	£000
Eastleigh River Side	211	104	123	(88)	88
Dunsbury Hill Farm	335	257	335	0	0
HCA Sites & Regeneration	440	51	51	(389)	389
Swan Studios	150	0	0	(150)	150
Gosport Waterfront	15	0	0	(15)	15
Development and Infrastructure Manager	120	28	60	(60)	60
<b>Total</b>	<b>1,271</b>	<b>440</b>	<b>569</b>	<b>(702)</b>	<b>702</b>

17. The anticipated spend for **Eastleigh Riverside** in 2011/12 is £123,000 and it is expected that the project will complete this phase in 2012/13. Therefore a final carry forward request for 2012/13 will come forward at the next meeting and this will be required to complete phase 2 of the transport study. Outcomes of the study will help inform the master plan for the whole Eastleigh Riverside site.
18. Although much of the **Dunsbury Hill Farm** work is progressing as planned, and the project team advise that they anticipate the work completing in time for the submission of the planning application in by February 2012. In the event that this is not the case, the project may require a carry forward into 2012/13.
19. A carry forward amount of all under spend will be required for the **Homes and Communities Agency (HCA) Sites and Regeneration** work to support continuing activity on innovative funding models which includes work related to TIF and the Enterprise Zone. Spend to date reflects the work on the Stewardship Agreement model which is currently being agreed with the Homes and Communities Agency. Contractual commitments are already in place for this project.
20. With regards the **Swan Studios** project, the lease agreement that was once agreed by the landlord, Prupim, has now been put on hold due to the landlord's decision to put the Swan Shopping Centre up for sale. As a consequence, an alternative Town Centre location is being sought with a view to entering into a new lease agreement before 31 March 2012 ready for the project to commence early in the new financial year 2012/13. In the event a new lease agreement has

not been secured by the end of the current financial year, this request for carry forward will need to be reviewed with a view to releasing the funds to support other capital projects that are ready to deliver in 2012/13.

21. The **Gosport Waterfront** project has stalled due to land negotiation issues. Progress in commissioning this work as a consequence was delayed pending clarification of land release issues with the land owner. As a consequence, the carry forward request is likely to be needed to progress and complete the project in the next financial year.
22. At its October 2011 meeting, the Joint Committee noted the change in job title relating to the Programme Manager previously identified with the Eastleigh Riverside project to **Development and Infrastructure Manager**, reflecting the broader responsibilities of the post holder and as a consequence approved a virement of £60,000 from the Eastleigh Riverside capital budget (for 2011/12) and a virement of £60,000 from the HCA sites capital budget (for 2012/13) to a new separate budget for this post within the Economic Development theme area.

## SUSTAINABILITY AND COMMUNITY INFRASTRUCTURE

Table 4 b

Project	2011/12 Budget Approved Dec JC	Spend to end Dec 2011	2011/12 Forecast Outturn	Forecast Over / (Under) Spend	2012/13 Indicative Budget
	£000	£000	£000	£000	£000
National Cycle Network	137	19	122	(15)	15
<b>Total</b>	<b>137</b>	<b>19</b>	<b>122</b>	<b>(15)</b>	<b>15</b>

23. The capital allocation for Sustainability and Community Infrastructure is as reported to the Joint Committee in December 2011. Much of the work for the **National Cycle Network** project is now complete with the exception of the final phase. A carry forward is likely to be needed to enable completion by September 2012.

## HOUSING AND PLANNING

Table 4c

Project	2011/12 Budget Approved Dec JC	Spend to end Dec 2011	2011/12 Forecast Outturn	Forecast Over / (Under) Spend	2012/13 Indicative Budget
	£000	£000	£000	£000	£000
Somerstown, Portsmouth	302	302	302	0	0
Fareham SDA Technical Studies	30	0	30	0	0
North Rowner	198	0	24	(174)	174
<b>Total</b>	<b>530</b>	<b>302</b>	<b>356</b>	<b>(174)</b>	<b>174</b>

24. The **Somerstown Estate Renewal** project completed in July 2011. PUSH to date has contributed a total of £3.065m over a three year period between 2008/09 – 2011/12. Outputs delivered 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.
25. The **Fareham SDA Studies** project is underway and expected to complete before the end of this financial year.
26. The **North Rowner** project is underway and expected to complete early in the new financial year.

## QUALITY PLACES

Table 4d

Project	2011/12 Budget Approved Dec JC	Spend to end Dec 2011	2011/12 Forecast Outturn	Forecast Over / (Under) Spend	2012/13 Indicative Budget
	£000	£000	£000	£000	£000
London Road Waterlooville	343	45	293	(50)	50
Southampton Cultural Quarter	300	25	300	0	0
Portsmouth Creative Industries Phase 2	500	0	0	(500)	500
<b>Total</b>	<b>1,143</b>	<b>70</b>	<b>593</b>	<b>(550)</b>	<b>550</b>

27. The capital allocations for Quality Places are as reported to the Joint Committee in December 2011.
28. In relation to the **London Road Waterlooville** project, the contractors are on site and much of the scheduled work is progressing as planned. However, a carry forward of £50,000 maybe required in the event there are delays to completing the project due to bad weather in January 2012.
29. The **Southampton Cultural Quarter** project team remains committed to delivering in time for the opening of the Sea City Museum in April 2012.
30. The Joint Committee in October 2011 gave approval to change the lead accountable body for the **Portsmouth Creative Industries Phase 2** project from Portsmouth University to the New Theatre Royal. Now that the funding package and planning permission has been granted, the project has commenced but will not conclude this financial year due to delay in commencement. As a consequence, there has been no spend against the PUSH allocated budget of £500,000 to date hence a carry forward request for the full amount will be required to enable the project to progress in the next financial year with the anticipated completion date of December 2012.

## TRANSPORT FOR SOUTH HAMPSHIRE (TfSH)

**Table 4e**

<b>Project</b>	<b>2011/12 Budget Approved Dec JC</b>	<b>Spend to end Dec 2011</b>	<b>2011/12 Forecast Outturn</b>	<b>Forecast Over / (Under) Spend</b>	<b>2012/13 Indicative Budget</b>
	£000	£000	£000	£000	£000
Evidence Base Modelling	500	396	500	0	0
Tipner	30	30	30	0	0
<b>Total</b>	<b>530</b>	<b>426</b>	<b>530</b>	<b>0</b>	<b>0</b>

31. 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.
32. In relation to the Tipner Project, the final activity relating to the ecological study was concluded at the end of September 2011.

## PROGRAMME MANAGEMENT

Table 4f

Project	2011/12 Budget Approved Dec JC	Spend to end Dec 2011	2011/12 Forecast Outturn	Forecast Over / (Under) Spend	2012/13 Indicative Budget
	£000	£000	£000	£000	£000
Programme Manager	100	35	70	(30)	30
Planned underspend	4	0	0	(4)	4
Proposed Virement from revenue budget					20
<b>Total</b>	<b>104</b>	<b>35</b>	<b>70</b>	<b>(34)</b>	<b>54</b>

33. At its March 2011 meeting, the Joint Committee approved the capitalisation of the costs associated with the Programme and Information Manager to manage the capital programme from 1 April 2011 to 31 December 2012. They also agreed to the establishment of a budget within the capital programme to support this post. A virement of £20,000 from 2012/13 revenue budgets to capital budgets will be required to ensure funding for the post of Programme and Information Manager up to 31 December 2012.

### CONCLUSION

The Committee is recommended to:-

34. NOTE the revised capital and revenue budgets for 2011/12 as set out in the report, the spend for the year to date, and the forecast outturn for the year.
35. NOTE the indicative capital and revenue budgets for 2012/13 as set out in the report.

### Background Papers:

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

### Enquiries:

For further information on this report please contact:

Andrew Lowe, Chief Financial Officer  
T: 023 8083 2049  
E: [andrew.lowe@southampton.gov.uk](mailto:andrew.lowe@southampton.gov.uk)

David Wilkes, Project Accountant  
T: 023 8083 2357  
E: [david.wilkes@southampton.gov.uk](mailto:david.wilkes@southampton.gov.uk)

Anne-Marie Mountifield, Executive Director  
T: 07540 238154  
E: [Anne-Marie.Mountifield@push.gov.uk](mailto:Anne-Marie.Mountifield@push.gov.uk)