



Report to the Partnership for Urban South Hampshire Joint Committee

Date: **26 March 2013**

Report of: **Andrew Lowe, Chief Financial Officer and Gloria Ighodaro, Programme and Information Manager**

Subject: **Capital and Revenue Budget Monitoring 2012/13 and Proposed Interim Capital and Revenue Budgets 2013/14**

SUMMARY

This report provides an update for the Joint Committee on progress to date against the approved revenue and capital programmes, including a forecast outturn for the current financial year. This report also sets out the proposed interim capital and revenue budgets for 2013/14.

RECOMMENDATION

The Joint Committee is recommended to:-

1. **APPROVE** the revised capital and revenue budgets for 2012/13 and to **NOTE** the spend for the year to date and the forecast outturn for the year, as set out in the report.
2. **APPROVE** the proposed interim capital and revenue budgets for 2013/14 as set out in the report.
3. **APPROVE** a carry forward of £207,000 to 2013/14 for the following forecast revenue budget underspends in 2012/13:
 - Economic Development: £95,000
 - Sustainability & Community Infrastructure: £57,000
 - Quality Places: £6,000
 - External Funding & Resources: £49,000
4. **APPROVE** a total carry forward to 2013/14 of £770,000 for the following forecast capital budget underspends in 2012/13:
 - HCA Sites & Regeneration: £50,000
 - Eastleigh Creative Hub: £60,000

- Portsmouth Creative Industries: £500,000
 - Creative Apprenticeship Programme – Artwork: £16,000
 - Progressive Studios – ASPACE: £50,000
 - Portsmouth City Council ARTches: £40,000
 - Programme and Information Manager: £54,000
5. NOTE that the forecast underspends to be carried forward from the 2012/13 budgets into 2013/14 are provisional, and may be subject to change when the final outturn position for 2012/13 is known.

INTRODUCTION

1. This report provides an update for the Joint Committee on progress to date against the approved revenue and capital programmes for the current financial year and identifies recommended changes to these programmes. The report also sets out the forecast position to the end of the current financial year - the final outturn will be reported to the Joint Committee at its meeting in June.
2. The report also sets out the proposed interim revenue budget and capital allocations for the financial year 2013/14 for the Joint Committee to approve. The Joint Committee will be asked to approve the definitive budget at its meeting in June when the final outturn for 2012/13 is confirmed and the governance review has been concluded.

RESOURCES

3. Table 1 below sets out the PUSH resources available for 2012/13 together with the funds that have been received as at the end of February 2013.

Table 1: Total Resources Available	2012/13 Budget Approved Jun-12 £000s	2012/13 Budget Approved Jan-13 £000s	2012/13 Revised Budget Mar-13 £000s	2012/13 Received to end Feb-13 £000s
Revenue Funds				
Core funding (local authorities)	303	303	303	303
CLG Transitional Fund	-	-	-	-
New Growth Point (revenue)	-	-	-	-
Interest on balances	2	2	2	-
Other local authority funding	54	39	39	38
Carry forward from previous year	825	825	825	825
Underspend from previous year	158	158	158	158
Virement to Capital	(5)	(5)	(5)	(5)
Sub-Total	1,337	1,322	1,322	1,319
Capital Funds				
New Growth Point (capital)	-	-	-	-
Carry forward from previous year	1,447	1,447	1,447	1,447
Underspend from previous year	11	11	11	11
Virement from Revenue	5	5	5	5
Sub-Total	1,463	1,463	1,463	1,463
Total Resources	2,800	2,785	2,785	2,782

4. The totals for expected capital and revenue resources are the control totals for the budgets detailed below.

REVENUE BUDGET

5. Table 2 below, sets out the revenue budget for 2012/13 as approved by the Joint Committee in January 2013, the proposed revised budget for 2012/13, spend in the current financial year to the end of February 2013 and the forecast outturn for the year.

Table 2 Revenue Allocations	2012/13 Budget Approved Jan-13 £000s	2012/13 Proposed Changes Mar-13 £000s	2012/13 Revised Budget Mar-13 £000s	2012/13 Spend to end Feb-13 £000s	2012/13 Forecast Outturn £000s	2012/13 Forecast Over / (Under) Spend £000s	2012/13 Carry Forward Request £000s
Economic Development	265	-	265	35	82	(183)	95
Sustainability & Community Infrastructure	71	-	71	10	14	(57)	57
Housing & Planning	186	-	186	66	66	(120)	-
Quality Places	31	-	31	25	25	(6)	6
External Funding & Resources	65	-	65	3	3	(62)	49
Central Costs	379	-	379	157	219	(160)	-
LEP Contribution	125	-	125	-	-	(125)	125
Contingency Reserve	200	-	200	-	-	(200)	-
Unallocated Balances	-	-	-	-	-	-	-
Total	1,322	-	1,322	296	409	(913)	332

6. The **Economic Development** delivery panel has made a number of commitments that will require the carry forward of unspent budgets from this financial year into the new financial year. The Joint Committee are therefore asked to approve a total carry forward budget of £95K to support the delivery of activities related to Employment and Skills work and the Pre-Apprenticeship Scheme. Funds held by this panel on behalf of the joint Inward Investment service are expected to be committed this financial year but may require a further carry forward.
7. In relation to the **Sustainability and Community Infrastructure** delivery panel, much of its planned business priorities are well underway. In particular, the Solent Low Carbon Initiative 'Future Solent' has gathered pace since the last reporting cycle including securing private sector funding and commitment to take identified projects forward. A website updating partners on the Initiative is due to be launched. The Initiative has now appointed an additional resource to support the Development Manager in managing the programme. Consequently, a carry forward of the remaining balance of £57K will be required to honour staffing commitments, further development of the programme and in taking forward the delivery of the Green Infrastructure Implementation Framework.
8. Under the responsibility of the **Housing and Planning** delivery panel, there are currently no further activities planned for this financial year. However, in response to the emerging governance review and consequent refresh of the PUSH Business Plan, the Panel has begun to identify activities that will enable the roll forward and review of the South Hampshire Strategy.

9. The **Quality Places** delivery panel is progressing well with its activities as planned. In addition to the continued local success of the Youth Voice Project, the initiative was recently awarded first place at the Urban Design Group's national awards in recognition of its innovative approach to place making and creative engagement with young people. Work on the Creative Network is also progressing as planned. Following the Joint Committee's budget allocation of £6K in support of the English Heritage/Portsmouth Harbour project, the delivery panel has now secured funding of £54K from various local authority sources which in turn has unlocked a further £60k of match funding from English Heritage to deliver the £120K project. A carry forward of £6K will be required to enable this project to commence in 2013/14.
10. The **External Funding** delivery panel have met less frequently this financial year in the recognition that most external funding opportunities are being directed at, and/or explored by, the Solent LEP. However, the panel has identified a requirement to fund financial modelling in support of the Portsmouth-Southampton City Deal which may require a carry forward of up to £49K to 2013/14.
11. The **Central Costs** budget for 2012/13 reflects commitments relating to staffing and other ongoing revenue based activities including the emerging City Deal.
12. At its meeting in June 2012, the Joint Committee approved a **LEP Contribution** of £125K to support the Solent LEP over the three year period to 2014/15. Since then, the Solent LEP has indicated that it will not begin to draw down this money until 2013/14, so at its meeting in January, the Joint Committee therefore approved a carry forward of £125K to 2013/14.
13. The **Contingency Reserve** of £200K for 2012/13 was set at approximately 7% of expected total turnover. There has been no call on this contingency reserve so far this year and none is expected.

CAPITAL BUDGET

14. The December Joint Committee meeting resolved to delegate authority to the Interim Executive Director and Chief Executives, to invite bids from Delivery Panels to support capital projects that are in state of readiness and to allocate to those projects the unallocated capital balance of £185,000. The resulting capital allocations were reported to the January Joint Committee meeting and are incorporated in Table 3, below which sets out the capital budget for 2012/13 as approved by the Joint Committee in January 2013. The table also shows spend in the current financial year to the end of February 2013 and the forecast outturn for the year.

Table 3: Capital Allocations	2012/13 Budget Approved Jan-13 £000s	2012/13 Proposed Changes Mar-13 £000s	2012/13 Revised Budget Mar-13 £000s	2012/13 Spend to end Feb-13 £000s	2012/13 Forecast Outturn £000s	2012/13 Forecast Over / (Under) Spend £000s	2012/13 Carry Forward Request £000s
Economic Development	476	60	536	225	226	(310)	110
Sustainability & Community Infrastructure	-	-	-	-	-	-	-
Housing & Planning	176	-	176	165	165	(11)	-
Quality Places	500	106	606	-	-	(606)	606
Programme Manager	126	-	126	53	72	(54)	54
Unallocated Balance	185	(166)	19	-	-	(19)	-
Total	1,463	-	1,463	443	463	(1,000)	770

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

ECONOMIC DEVELOPMENT

Table 4a Capital Allocations: Economic Development	2012/13 Budget Approved Jan-13 £000s	2012/13 Proposed Changes Mar-13 £000s	2012/13 Revised Budget Mar-13 £000s	2012/13 Spend to end Feb-13 £000s	2012/13 Forecast Outturn £000s	2012/13 Over / (Under) Spend £000s	2012/13 Carry Forward Request £000s
Eastleigh River Side	50	-	50	-	-	(50)	-
Dunsbury Hill Farm	19	-	19	19	19	-	-
HCA Sites and Regeneration	182	-	182	15	15	(167)	50
Sorting Office Studios	150	-	150	149	150	-	-
Gosport Waterfront	15	-	15	-	-	(15)	-
Eastleigh Creative Hub	-	60	60	-	-	(60)	60
Programme Manager Infrastructure & Development	60	-	60	42	42	(18)	-
Total	476	60	536	225	226	(310)	110

16. There is little to report on the **Eastleigh Riverside** project since the last meeting of the Joint Committee. There are no further confirmed commitments in place that would necessitate a carry forward of funds to 2013/14. Consequently, the remaining forecast under spend of £50K will return to PUSH balances.

17. The work funded by PUSH in support of submitting the planning application for the **Dunsbury Hill Farm** project concluded in March 2011. A decision on the re-submission of the planning application is anticipated by the end of March 2013 and the outcome will be reported to the next Joint Committee meeting. PUSH has made no commitments to further support this project

18. Work relating to the **Homes and Communities Agency (HCA) Sites and Regeneration** continues and the carry forward requirement for committed activities will be £50K for the forthcoming financial year. The remaining balance is expected to return to the PUSH unallocated capital balance.

19. The **Sorting Office Studios** project was completed in February 2013 following the refurbishment of a disused, run-down building to create 16 units providing a total of 20 workspaces and shared accommodation for graduate start up businesses. The quality facilities have to date generated high levels of interest

from graduates in the local area seeking to develop their business ideas and benefit from the business support opportunities provided by the respective local authority and Higher Education Institutions. 12 start-up businesses have taken up residence since January 2013 and this number is set to increase .

20. The previously allocated PUSH funding for the **Gosport Waterfront** project is no longer required and therefore a total of £15K will return to the PUSH unallocated capital balance.
21. The **Eastleigh Creative Hub** is one of the additional capital projects to which funding was allocated following the December Joint Committee decision – see paragraph 14 above. The project has now commenced and is expected to conclude by October 2013. PUSH’s funding will not be made available to the project until its completion so a carry forward of £60K will there be required to 2013/14.
22. The **Programme Manager (Infrastructure & Development)** left PUSH in January 2013 to take up a post with Solent LEP and will not be replaced in this financial year. The resulting vacancy is not being filled pending the outcome of the PUSH governance review post, so therefore an under spend of £18K is expected this financial year.

HOUSING AND PLANNING

Table 4b Capital Allocations: Housing and Planning	2012/13 Budget Approved Jan-13 £000s	2012/13 Proposed Changes Mar-13 £000s	2012/13 Revised Budget Mar-13 £000s	2012/13 Spend to end Feb-13 £000s	2012/13 Forecast Outturn £000s	2012/13 Over / (Under) Spend £000s	2012/13 Carry Forward Request £000s
North Rowner	176	-	176	165	165	(11)	-
Total	176	-	176	165	165	(11)	-

23. The **North Rowner** project concluded in September 2012 as planned.

QUALITY PLACES

Table 4c Capital Allocations: Quality Places	2012/13 Budget Approved Jan-13 £000s	2012/13 Proposed Changes Mar-13 £000s	2012/13 Revised Budget Mar-13 £000s	2012/13 Spend to end Feb-13 £000s	2012/13 Forecast Outturn £000s	2012/13 Over / (Under) Spend £000s	2012/13 Carry Forward Request £000s
Portsmouth Creative Industries	500	-	500	-	-	(500)	500
Creative Apprenticeship Programme - Artwork	-	16	16	-	-	(16)	16
Progressive Studios - ASPACE	-	50	50	-	-	(50)	50
Portsmouth CC ARTches	-	40	40	-	-	(40)	40
Total	500	106	606	-	-	(606)	606

24. Further to approval at the October Joint Committee, the **Portsmouth Creative Industries** project is progressing as planned and commenced on site in February 2013. A carry forward will be required into 2013/14 to enable completion of the element of the project that is funded by PUSH.

25. The other three projects in table 4c above were allocated funding following the December Joint Committee decision – see paragraph 14 above. All three projects have commenced and are expected to conclude by December 2013. A carry forward of the respective allocated budgets to 2013/14 will therefore be required to support delivery and completion in the forthcoming financial year.

PROGRAMME MANAGEMENT / UNALLOCATED BALANCES

Table 4d Capital Allocations: Programme Management	2012/13 Budget Approved Jan-13 £000s	2012/13 Proposed Changes Mar-13 £000s	2012/13 Revised Budget Mar-13 £000s	2012/13 Spend to end Feb-13 £000s	2012/13 Forecast Outturn £000s	2012/13 Over / (Under) Spend £000s	2012/13 Carry Forward Request £000s
Programme Manager	126	-	126	53	72	(54)	54
Unallocated Balances	185	(166)	19	-	-	(19)	-
Total	311	(166)	145	53	72	(54)	54

26. At its meeting in December, the Joint Committee agreed to increase the budget for **Programme and Information Manager** by £72K to reflect the extension of contract for this post to 31st December 2013. Therefore a carry forward to 2013/14 of £54K is required.

2013/14 INTERIM BUDGET

27. Pending the decisions of the next Joint Committee on the future work priorities and structure of PUSH but to enable the Partnership business to continue in the meantime, proposals for an interim budget are set out below. The proposed interim budget provides the funding for central team costs (salaries, office costs etc) until 30 September 2013, and for projects to which commitments have already been made. Budget allocations for the rest of the year 2013/14 will be presented to the next Joint Committee meeting in tandem with a new PUSH business plan. Those will also take account of the projects/activities – both capital and revenue - which Delivery Panels see as needed during 2013/14.
28. The following interim capital allocations are proposed for 2013/14:-

Table 5a Interim capital allocations	2013/14 Interim Budget £000s
HCA Sites and regeneration	50
Eastleigh Creative Hub	60
Portsmouth Creative Industries	500
Creative Apprenticeship Programme- Artwork	16
Progressive studies - ASPACE	50
Portsmouth CC ARTches	40
Programme Manager	54
Unallocated balances	230
Total	1,000

29. The following interim revenue allocations are proposed for 2013/14. Subject to the Committee's decisions on reports elsewhere on the agenda for this meeting, the allocation for Housing and Planning includes funding for the proposed Strategic Housing Market Assessment (£100k), and the Central Costs include provision for the proposed PUSH contribution towards research into infrastructure funding and freight industry issues (£10k). This proposed interim budget does not include partner authorities' 2013/14 financial contributions: these will be included in the full budget presented to the next Joint Committee meeting.

Table 5b Interim revenue allocations	2013/14 Interim Budget £000s
Economic Development	95
Sustainability and Community Infrastructure	57
Housing and Planning	100
Quality Places	6
External Funding and Resources	49
Central costs	110
LEP contribution	125
Contingency reserve	0
Unallocated balances	371
Total	913

CONCLUSION

This Committee is recommended to:-

30. APPROVE the revised capital and revenue budgets for 2012/13 and to NOTE the spend for the year to date and the forecast outturn for the year, as set out in the report.
31. APPROVE the proposed interim capital and revenue budgets for 2013/14 as set out in the report.
32. APPROVE a total carry forward of £207,000 to 2013/14 for the following forecast revenue budget underspends in 2012/13:
- Economic Development: £95,000
 - Sustainability & Community Infrastructure: £57,000
 - Quality Places: £6,000
 - External Funding & Resources: £49,000
33. APPROVE a carry forward to 2013/14 of £770,000 for the following forecast capital budget underspends in 2012/13:
- HCA Sites & Regeneration: £50,000
 - Eastleigh Creative Hub: £60,000
 - Portsmouth Creative Industries: £500,000
 - Creative Apprenticeship Programme – Artwork: £16,000

- Progressive Studios – ASPACE: £50,000
- Portsmouth City Council ARTches: £40,000
- Programme and Information Manager: £54,000

34. NOTE that the forecast underspends to be carried forward from the 2012/13 budgets into 2013/14 are provisional, and may be subject to change when the final outturn position for 2012/13 is known.

Background Papers:

Joint Committee 29 January 2013 – Item 8: Capital and Revenue Budget Monitoring 2012/13

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