



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

Date: 11 July 2017

Report of: **Mel Creighton, Chief Financial Officer and Paddy May, PUSH Co-ordinator**

Subject: **Capital and Revenue Budget Monitoring 2016/17 and Capital and Revenue Budgets 2017/18**

SUMMARY

This report summarises the outturn against the budget for the financial year 2016/17. This report also updates the proposed capital and revenue budgets for 2017/18, on the basis of the anticipated level of resources available and the priorities for PUSH.

RECOMMENDATIONS

It is recommended that the Overview and Scrutiny Committee:

1. NOTES the outturn for the financial year 2016/17 (Table 2);
2. NOTES the Statement of Accounts for the 2016/17 financial year and the Annual Governance Statement (Appendix 1);
3. NOTES a carry forward request of £18,000 for an additional Planning & Infrastructure revenue budget underspend in 2016/17; and
4. NOTES the proposed capital and revenue budgets for 2017/18 as set out in the report (Tables 3 & 4).

INTRODUCTION

1. This report sets out the final outturn expenditure position against the capital and revenue budgets for 2016/17, and the proposed capital and revenue budgets for the financial year 2017/18.

RESOURCES

2. Table 1 below shows the estimated PUSH resources available for 2016/17, the actual income received and the expected resources available for 2017/18.
3. The expected resources for the financial year 2017/18 are the under spends carried forward from 2016/17, and the expected interest on balances held by SCC on behalf of PUSH.
4. The totals for capital and revenue resources are the control totals for the budgets detailed below.

Table 1: Total Resources Available	2016/17 Approved Budget £000s	2016/17 Actual received to end Mar 17 £000s	2017/18 Proposed Budget £000s
<u>Revenue Funds</u>			
Core funding (local authorities)	196	196	0
Interest on balances	3	3	3
Underspend c/f from previous year	510	510	500
Sub-Total	709	709	503
<u>Capital Funds</u>			
Underspend c/f from previous year	0	0	679
Local Growth Fund to support SRM Projects	765	765	0
Sub-Total	765	765	679
Total Resources	1,474	1,474	1,182

5. There are no proposed partner contributions for 2017/18 as a subscription holiday was agreed by Joint Committee in October 2016. The only remaining capital funding has been secured through the Solent LEP Local Growth Fund to support Solent Recreation Mitigation projects.

FINAL OUTTURN 2016/17 - REVENUE

6. Table 2 below sets out the revenue budget for 2016/17, originally approved by the Joint Committee in June 2016 and revised at subsequent meetings, and the actual outturn.

Table 2: Revenue Allocations 2016/17	2016/17 Approved Budget	2016/17 Spend to end Mar 17	2016/17 Under/ (Over) Spend
	£000s	£000s	£000s
Planning & Infrastructure	150	61	89
Energy & Green Economy	55	26	29
Culture, Creative Industries & the Built Environment	35	30	5
European Collaboration Group	7	7	0
Core Projects & Central Costs	137	85	52
Contingency Reserve	25	0	25
Unallocated Balances	300	0	300
Total	709	209	500

7. Updates on the work of the delivery panels are included in the Co-ordinator's report to each of the Joint Committee meetings.
8. The **Core Projects & Central Costs** budget reflects commitments relating to staffing costs and other ongoing revenue activities led by the PUSH central team which include activities being delivered in partnership with the Solent LEP related to Employment and Skills. On 14 March 2017, Joint Committee approved that a budget of £100,000 for inward investment was returned to balances.
9. A much reduced **Contingency Reserve** of £25,000 for 2016/17 was set primarily to fund potential termination costs should such circumstances arise. It is proposed to remove this budget for 2017/18 as there are currently no permanent PUSH employees.
10. **Unallocated Balances** were reduced by £6,000 following changes made during the year. Since the March 2017 budget report, a further £2,000 has been allocated to Culture, Creative Industries & the Built Environment Delivery Panel Support. It was proposed that the Unallocated Balances would be used to support activities in 2017/18, unless projects came forward during 2016/17 with a compelling business case.

FINAL OUTTURN 2016/17 AND PROPOSED BUDGET 2017/18 - CAPITAL

11. The schemes within the original PUSH capital programme were all completed by the end of the financial year 2015/16. A small under spend of £6,000 was carried forward as an addition to the revenue fund for 2016/17.
12. PUSH has secured funding of £765,000, as part of the Solent LEP Local Growth Deal, for projects to create and enhance publically accessible greenspaces, as part of the Solent Recreation Mitigation Project (SRMP). The detailed allocations to projects are set out in table 3 below. The original profile anticipated spend of £415,000 in 2016/17, with the remaining £350,000 to be spent in subsequent years.

Table 3: Capital Allocations	2016/17	2016/17	2017/18
Solent Recreation Mitigation Project	Approved Budget	Spend to end Mar 17	Proposed Budget
	£000s	£000s	£000s
Horsea Island, Portsmouth	390	86	304
Manor House Farm (or alternative projects)	375	0	0
Shoreburs Greenway, Southampton	0	0	150
Itchen Valley Country Park, Eastleigh	0	0	225
Total	765	86	679

13. Although work has commenced on the Horsea Island scheme, the first claim of £101,000, received in quarter 4, was less than the original profile for that project of £140,000. The expenditure in 2016/17 of £86,000 represents payment of this claim, less a 15% retention pending a satisfactory project evaluation report. The other two projects are replacements for the original Environment Agency scheme intended for Manor House Farm. The alternative projects were approved by the Solent LEP on 1 March 2017 and will have a revised spend profile. All of the unspent budgets will need to be carried forward into 2017/18.

2016/17 STATEMENT OF ACCOUNTS

14. The Statement of Accounts for the 2016/17 financial year and the Annual Governance Statement are presented for approval in Appendix 1. These statements have been reviewed by internal audit and, based on the testing conducted, assurance has been given that adequate financial systems and controls are in place for the administration of the PUSH accounts.
15. In previous Budget Monitoring reports it was detailed that the external audit arrangements were changing with effect from the 2015/16 accounts. Following the repeal of the Audit Commission Act 1998, joint committees no longer have a statutory obligation to prepare accounts audited by a firm appointed by the Audit Commission. The Local Audit and Accountability Act 2014, which introduced new local public audit arrangements, does not apply to joint committees. However, as reported in March 2017, arrangements are being made for the audit of the 2016/17 accounts of the PUSH Joint Committee outside the provisions of the 2014 Act. A budget for this audit work has been included in the central cost revenue allocation for 2017/18 and the external auditor's opinion will be received no later than 30 September 2017.

PROPOSED BUDGET 2017/18 - REVENUE

16. The revenue allocations in table 4 are proposed for 2017/18. The allocations for the three delivery panels reflect the final outturn position and the carry forward requests for projects that are contractually committed to conclude this year. A carry forward of £10,000 was approved, in March 2017, relating to work to implement the Green Infrastructure Strategy. A further carry forward of £29,000 was approved to support the Energy Strategy Implementation (in line with the previous decision of the Joint Committee to approve the 2 year implementation plan). A carry forward of £5,000, to support the Solent Design Awards, was also approved for the Culture, Creative Industries and the Built Environment Delivery Panel.

17. An additional Planning & Infrastructure revenue budget carry forward of £18,000 is recommended in this report for the Integrated Water Management Study. There has been slippage in the completion of the report by the consultant but this is expected to be delivered early in 2017/18.
18. Interim budgets, approved in March 2017, for European Collaboration (£7,000) and for Core Projects and Central Costs (£75,000), are unchanged.
19. Additional budget allocations have been made reflecting proposals and associated funding requests put forward by the PUSH Delivery Themed Panels from 2017/18. The process for considering new proposals has been based on set criteria ensuring that proposed projects fit with PUSH's business priorities and objectives, state of readiness and delivery of value for money outcomes. The following funding requests have been put forward, in addition to the carry forward requests:
 - Planning & Infrastructure – approved interim budget of £20,000 for Delivery Panel Support and an additional £20,000 to cover potential external support for the infrastructure study;
 - Energy & Green Economy – approved interim budget of £15,000 for the Low Carbon Economy Programme;
 - Culture, Creative Industries & the Built Environment – approved interim budgets of £10,000 for Creative Network South, £5,000 for Portsmouth Harbour Historic Buildings Project and £3,000 for Delivery Panel Support. In addition, a proposal for £20,000 to support funding applications to finance a pilot programme of business support targeting small creative enterprises, initially in the Southampton area, is included on this agenda.

Table 4: Revenue Allocations 2017/18	2017/18 Proposed Budget
	£000s
Planning & Infrastructure	68
Energy & Green Economy	44
Culture, Creative Industries & the Built Environment	43
European Collaboration Group	7
Core Projects & Central Costs	75
Unallocated Balances	266
Total	503

20. As PUSH funding will continue to be more limited than in the past, it is proposed that the remaining Unallocated Balances will be used to support activities in 2018/19 unless projects come forward during 2017/18 with a compelling business case.

CONCLUSION

It is recommended that the Overview and Scrutiny Committee:

1. NOTES the outturn for the financial year 2016/17 (Table 2);
2. NOTES the Statement of Accounts for the 2016/17 financial year and the Annual Governance Statement (Appendix 1);
3. NOTES a carry forward request of £18,000 for an additional Planning & Infrastructure revenue budget underspend in 2016/17; and
4. NOTES the proposed capital and revenue budgets for 2017/18 as set out in the report (Tables 3 & 4).

Background Papers:

Appendix 1 - Statement of Accounts for the 2016/17 financial year and the Annual Governance Statement

Enquiries:

For further information on this report please contact:

Mel Creighton, Chief Financial Officer
T: 023 8083 4897
E: mel.creighton@southampton.gov.uk

Jo Knight, Finance Service Lead
T: 023 8083 2585
E: jo.knight@southampton.gov.uk

Paddy May, PUSH Co-ordinator
T: 023 9283 4020
E: paddy.may@portsmouthcc.gov.uk