



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

Date: **26 May 2015**

Report of: **Andrew Lowe, Chief Financial Officer and Gloria Ighodaro, PUSH Executive Director**

Subject: **Capital and Revenue Budget Monitoring 2014/15 and Proposed Interim Capital and Revenue Budgets 2015/16**

SUMMARY

This report provided 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 2015/16.

RECOMMENDATION

It is RECOMMENDED the Overview and Scrutiny Committee:-

1. NOTES the spend for the year to date against the revised capital and revenue budgets and the forecast outturn for 2014/15, as set out in the report.
2. NOTES the approval of the proposed interim capital and revenue budgets for 2015/16, as set out in the report.
3. NOTES the approval to carry forward £196,000 to 2015/16 for the following forecast revenue budget underspends in 2014/15:
 - Planning & Infrastructure: £117,000
 - Energy & Green Economy: £56,000
 - Culture, Creative Industries & the Built Environment: £23,000
4. NOTES a carry forward of £214,000 to 2015/16 for the following forecast capital budget under spends in 2014/15:
 - Alver Valley Project: £50,000
 - Portsmouth Creative Industries: £75,000
 - Portsmouth ARTches: £40,000
 - Cell Block Enterprise: £49,000

5. NOTES that the forecast under spend to be carried forward from the 2014/15 budgets into 2015/16 are provisional, and may be subject to change when the final outturn position for 2014/15 is known.

INTRODUCTION

1. This report provided an update for the Overview and Scrutiny 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 and capital budget allocations for the financial year 2015/16 based on under spends / carry forwards of projects that are contractually committed to conclude next financial year. This will form the basis for the definitive budget which the Joint Committee will be asked to approve at its meeting in June when the final outturn for 2014/15 is confirmed.
3. The indicative budget for financial year 2015/16 will also include additional revenue proposals and associated funding requests put forward by the Delivery Themed Panels. The process for considering new revenue proposals will be based on a set criteria ensuring that proposed projects fit with PUSH's Business priorities and objectives, state of readiness and delivery of value for money outcomes. Approval of the recommended new activities will be sought from the Joint Committee at its meeting in June.

RESOURCES

4. Table 1 below sets out the PUSH resources available for 2014/15 together with the funds that have been received as at the end of February 2015.

Table 1: Total Resources Available	2014/15 Budget Approved Sep 14 £000s	2014/15 Actual received to end Feb 15 £000s
<u>Revenue Funds</u>		
Core funding (local authorities)	196	196
Interest on balances	5	0
Other local authority funding	29	31
Underspend c/f from previous year	721	721
Sub-Total	951	948
<u>Capital Funds</u>		
Underspend c/f from previous year	546	546
Sub-Total	546	546
Total Resources	1,497	1,494

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

REVENUE BUDGET

6. Table 2 below, sets out the revenue budget for 2014/15, as approved by the Joint Committee in September 2014, spend in the current financial year to the end of February 2015 and the forecast outturn for the year.

Table 2 Revenue Allocations	2014/15 Budget Approved Sep 14	2014/15 Spend to end Feb 15	2014/15 Forecast Outturn	2014/15 Forecast Under/ (Over) Spend	2015/16 Carry Forward Request
	£000s	£000s	£000s	£000s	£000s
Planning & Infrastructure	240	73	123	117	117
Energy & Green Economy	68	6	12	56	56
Culture, Creative Industries and the Built Environment	33	10	10	23	23
European Collaboration Group	7	7	7	0	0
Core Projects & Central Costs	395	200	262	133	0
Contingency Reserve	50	0	0	50	0
Unallocated Balances	158	0	0	158	0
Total	951	296	414	537	196

7. The main activity for the **Planning & Infrastructure** delivery panel remains the PUSH Spatial Strategy Review which is timetabled to conclude by early 2016. The panel is also overseeing the delivery of other key activities and evidence base work required to underpin the Spatial Strategy Review. Other activities of this Panel are also progressing as planned. These include a comprehensive review of the Strategic Flood Risk assessment, the Solent Environmental and Mitigation Scheme and the appraisal of the previous Green Infrastructure Implementation Plan. The outcome of these activities is part of a series of the evidenced based work required to inform the Spatial Strategy Review.
8. The work of the **Energy & Green Economy** delivery panel is progressing as planned. Work on the Solent Energy Strategy has now concluded and a final report is due to be presented for the Committee's consideration and approval at this meeting. The Strategy sets out how the Solent can create more jobs and secure greater economic benefit and growth by investing in energy generation and energy efficiency. Work has commenced towards developing the implementation plan. A Project Manager was recruited in January 2015 to manage and take forward the Cleantech work based at Eastleigh Borough Council. The new recruit has commenced development of a project plan and started engagement with partners on the development of the Cluster. The Future Solent Green Growth Regional Growth Funding (RGF) Programme has awarded £1.2 million to clean technology companies creating 55 jobs and a further 55 jobs committed. The programme has also supported the creation of two environmental technologies hubs which are now open for business at the University of Portsmouth and the University of Southampton Science Park. The hubs provide access to small businesses to state of the art laboratory facilities that small businesses could not normally afford, as well as links to the universities' research networks.

9. The business plan for the **Culture, Creative Industries and the Built Environment** delivery panel is making good progress on the three strands of its work, Creative Network South (CNS), Quality Place Practitioners Group and the Portsmouth Harbour heritage led regeneration project. In January Creative Network South organised a successful joint business seminar with Hampshire Chamber of Commerce. The network is planning to work increasingly closely with the Chamber and the Solent Growth Hub. At the workshop it was noted that more than 1 in 5 businesses receiving advice from the growth hub were creative. CNS is also supporting the work of the Hampshire Studio provider's network and creative industry apprenticeship programme managed by artwork. Artwork have recently successfully recruited a third tranche of apprentices to work with local cultural organisations. The Portsmouth Harbour heritage led regeneration project has now been fully mobilised. Early Priority Projects include the ARTches in old Portsmouth which will receive funding from Coastal Communities, PUSH and Portsmouth City Council; the Diving Museum in Gosport and Treadgold Mills. Funding to secure the project manager's post for 3 years has been agreed between project partners. The quality Place Practioners group are working to enhance design guidance and promote collaborative approaches to design review across partner authorities. Following the success of the 2014 Design Awards, the panel lead Chief Executive has met with Bouygues UK who have sponsored the awards since they were established in 2010 to discuss future partnerships. The Group are also developing a programme of further joint work on training and sharing of resources to address capacity shortfalls.
10. The **Solent EU Collaboration Group** delivery panel continues to facilitate and work jointly on activities pertaining to securing European funding opportunities on a Solent wide basis. The Overview and Scrutiny Committee to NOTE the Joint Committee's recommendation made in the PUSH Executive Director's report to re-join the Southern England Local Partners (SELP) membership for a further year in 2015/16.
11. 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 and inward Investment. At its meeting in June 2012, PUSH endorsed a Solent LEP Contribution of £125,000, split into two payments; £75,000 in 2013/14 & £50,000 in 2014/15. A further payment to the Solent LEP of £25,000 is proposed for consideration in the PUSH Executive Director's report to this meeting and has been included in the forecast outturn for 2014/15.
12. A much reduced **Contingency Reserve** of £50,000 for 2014/15 has been set primarily to fund potential termination costs should this arise, reflecting a much streamlined PUSH.
13. There are **Unallocated Balances** of £158,000. As PUSH funding in future years will be much more limited than in the past, it is proposed that the Unallocated Balances will be used to support activities in 2015/16.

CAPITAL BUDGET

14. Table 3, below, sets out the capital budget for 2014/15 as approved by the Joint Committee in September 2014. For further details of each of these projects, please refer to the PUSH Business Plan for 2014/15. The table also

shows spend in the current financial year to the end of January 2015 and the forecast outturn for the year.

Table 3 Capital Allocations	2014/15	2014/15	2014/15	2014/15	2015/16
	Budget Approved Sep 14	Spend to end Feb 15	Forecast Outturn	Forecast Over / (Under) Spend	Carry Forward Request
	£000s	£000s	£000s	£000s	£000s
Alver Valley Project	50	0	0	50	50
Hayling Island Access Trails	28	28	28	0	0
Portsmouth Creative Industries	250	175	175	75	75
Portsmouth ARTches	40	0	0	40	40
Cell Block Enterprise	49	0	0	49	49
Gosport Town Centre	15	15	15	0	0
Southampton Station Quarter	86	0	86	0	0
Eastleigh Creative Hub	28	28	28	0	0
Total	546	246	332	214	214

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

PLANNING & INFRASTRUCTURE

Table 3a Capital Allocations: Planning & Infrastructure	2014/15	2014/15	2014/15	2014/15	2015/16
	Budget Approved Sep 14	Spend to end Feb 15	Forecast Outturn	Forecast Over / (Under) Spend	Carry Forward Request
	£000s	£000s	£000s	£000s	£000s
Alver Valley Project	50	0	0	50	50
Total	50	0	0	50	50

16. **The Alver Valley Country Park Scheme** was endorsed by the PUSH Joint Committee in September 2014 to receive a PUSH allocation of £50,000 to deliver the scheme. The scheme is well underway and is expected to conclude by June 2015.

ENERGY & GREEN ECONOMY

Table 3b Capital Allocations: Energy & Green Economy	2014/15	2014/15	2014/15	2014/15	2015/16
	Budget Approved Sep 14	Spend to end Feb 15	Forecast Outturn	Forecast Over / (Under) Spend	Carry Forward Request
	£000s	£000s	£000s	£000s	£000s
Hayling Island Access Trails	28	28	28	0	0
Total	28	28	28	0	0

17. **The Hayling Island Access Trail** completed in September 2014. Outputs delivered include improved access to green infrastructure cycle trail and public access from Alice Holt Forest to Portsmouth Dockyard. One Job was created in the local area for three months during the construction phase.

CULTURE, CREATIVE INDUSTRIES & THE BUILT ENVIRONMENT

Table 3c Capital Allocations: Culture, Creative Industries & the Built Environment	2014/15	2014/15	2014/15	2014/15	2014/15
	Budget Approved Sep 14	Spend to end Feb 15	Forecast Outturn	Forecast Over / (Under) Spend	Carry Forward Request
	£000s	£000s	£000s	£000s	£000s
Portsmouth Creative Industries	250	175	175	75	75
Portsmouth ARTches	40	0	0	40	40
Cell Block Enterprise	49	0	0	49	49
Gosport Town Centre	15	15	15	0	0
Southampton Station Quarter	86	0	86	0	0
Total	440	190	276	164	164

18. **The Portsmouth Creative Industries Scheme**, led by the University of Portsmouth and New Theatre Royal, has experienced further construction delays resulting in the contractor's revised programme reporting a revised completion date of June 2015. A final claim to PUSH of £75,000 will be made by New Theatre Royal on completion of the services and finishing's to the learning resource space which will be shared with the University of Portsmouth.

19. Members may recall that the reason for the initial delay in progressing the **Portsmouth ARTches Project** initially was due to the change in scope of the project which in turn resulted in revisiting the planning and funding requirements. It can be confirmed that the scheme promoters have to date secured the required planning permission and the funding package made up of PUSH's allocation (£40,000), Portsmouth City Council funds of £100,000 and DCLG funding of £1.5m. Work is now underway with investigative / enabling works on site and the preparation of detailed procurement documentation for the contractor that will undertake the refurbishment of the site and buildings. This work is expected to complete by end June 2015 after which the total PUSH allocation of £40,000 will be claimed. PUSH funding will be used to pay for these works which will take the project from design stage to the development of the facility. The vision for the ARTches is the creation of thirteen working studios to support new and emerging local businesses and create apprenticeship opportunities. The scheme, once completed will also establish a key city attraction in Old Portsmouth.

20. **The Cell Block Enterprise Scheme** commenced on 4 August 2014 and is progressing as planned. This scheme is jointly funded by PUSH and the Regional Growth Fund, Round 2, and is being delivered by the University of Portsmouth and the Portsmouth Naval Base Property Trust. The scheme has experienced several delays, initially associated with the release of the Heritage Lottery Funding required to support the build project and more latterly associated with construction delays owing to the historic nature of the building. All of these matters are in the process of being resolved. The construction phase is due to complete by July 2015. The PUSH funding will be used to deliver IT infrastructure, shared equipment resource for the businesses and furnishing the business work spaces and meeting rooms. The first tenant is due to move into the Cell Block Studios during August / September 2015.

21. The **Gosport Town Centre Public Realm Improvement Scheme** completed in September 2014. Outputs delivered include new streetscape and street furnishings. Outcomes achieved include work experience placements for one undergraduate and two post graduates, all contracts were placed with local firms (Gosport and Fareham based) creating and safeguarding employment opportunities for local people over the duration of the project. A total of 12 full time construction related jobs were created ranging from bricklayers, labourer and site supervisors to Contract Manager, Project Manager and health and safety Adviser.

22. **Southampton Station Quarter - Public Realm Scheme** completed in December 2014. The PUSH funding of £86,000 has helped to fund phase 1 out of the 5 that Southampton have planned; and has resulted in improved public realm around Southampton Station. This includes widened footways and high quality surface treatments, enhancements to highway boundary as well as entry improvements, improved lighting to support the high quality public realm and improved signage. PUSH's funding has helped to deliver outcomes that will increase opportunities for retail floor space growth, increase opportunities in the Station Quarter, improve pedestrian footways from the east to the city centre and provides overall arrival experience to Southampton.

PUSH CORE ACTIVITIES

Table 3d Capital Allocations: Push Core Activities	2014/15	2014/15	2014/15	2014/15	2015/16
	Budget Approved Sep 14	Spend to end Feb 15	Forecast Outturn	Forecast Over / (Under) Spend	Carry Forward Request
	£000s	£000s	£000s	£000s	£000s
Eastleigh Creative Hub	28	28	28	0	0
Total	28	28	28	0	0

23. The Eastleigh Creative Hub completed and formally launched on 14 October 2014. The Chairman of PUSH was invited as Keynote Speaker at the event.

2015/16 INTERIM BUDGET

24. Pending the decisions of the June Joint Committee on the future work priorities to support the revised delivery 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 31 March 2016, and for projects to which commitments have already been made. Budget allocations for the rest of the year will be presented to the next Joint Committee meeting in tandem with a new PUSH business plan. This will also take account of both existing and new projects/activities – both capital and revenue - which Delivery Panels deem are priorities during 2015/16.

25. The following interim capital allocations are proposed for 2015/16:

Table 5a Interim capital allocations	£000s
Alder Valley Project	50
Portsmouth Creative Industries	75
Portsmouth ARTches	40
Cell Block Enterprise	49
Total	214

26. The following interim revenue allocations take into account schemes that are currently underway and contractually committed to conclude in 2015/16. This proposed interim budget does not include the full forecast underspend or partner authorities 2015/16 financial contributions. These will be included in the full budget presented to the Joint Committee at its meeting in June.

Table 5b Interim revenue allocations	£000s
Planning & Infrastructure	117
Energy & Green Economy	56
Culture, Creative Industries & the Built Environment	23
European Collaboration Group	7
Core Projects & Central Costs	281
Contingency Reserve	50
Total	534

CONCLUSION

It is RECOMMENDED the Overview and Scrutiny Committee:-

27. NOTES the spend for the year to date against the revised capital and revenue budgets and the forecast outturn for 2014/15, as set out in the report.
28. NOTES the approval of the proposed interim capital and revenue budgets for 2015/16, as set out in the report.
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