



Report to the Partnership for Urban South Hampshire Joint Committee

Date: **07 June 2016**

Report of: **Melanie Creighton, Chief Financial Officer and Gloria Ighodaro, PUSH Executive Director**

Subject: **Capital and Revenue Budget Monitoring 2015/16 and Capital and Revenue Budgets 2016/17**

SUMMARY

This report summarises the outturn against the budget for the financial year 2015/16. This report also updates the proposed capital and revenue budgets for 2016/17, on the basis of the anticipated level of resources available and the priorities for PUSH.

RECOMMENDATIONS

The Joint Committee is recommended to:-

- (a) **NOTE** the outturn for the financial year 2015/16;
- (b) **APPROVE** the Statement of Accounts for the 2015/16 financial year and the Annual Governance Statement (Appendix 1);
- (c) **NOTE** that Partner Contributions for 2016/17 remain the same as 2015/16 resulting in a total contribution of £196,000;
- (d) **APPROVE** the revised capital and revenue budgets for 2016/17 as set out in the report, including the proposed level of contributions from partner authorities;
- (e) **NOTE** the award of £765,000 in 2016/17 from the Solent LEP Local Growth Fund to support the Solent Recreation Mitigation Project (SRMP); and
- (f) **APPROVE** that Southampton City Council (SCC) act as Accountable Body for managing these funds, on behalf of PUSH, at a cost of £4,000 to be met from the 2016/17 PUSH revenue budget.

INTRODUCTION

1. This report sets out the final outturn expenditure position against the capital and revenue budgets for 2015/16, and the proposed revenue and capital budgets for the financial year 2016/17.

RESOURCES

2. Table 1 below shows the estimated PUSH resources available for 2015/16, the actual income received in 2015/16 and the expected resources available for 2016/17.
3. The expected resources for the financial year 2016/17 are the proposed partner contributions, the under spends carried forward from 2015/16, 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	2015/16 Budget Approved Dec 15 £000s	2015/16 Actual received to end Mar 16 £000s	2016/17 Proposed Budget Jun 16 £000s
<u>Revenue Funds</u>			
Core funding (local authorities)	196	196	196
Additional funding for SHMA (local authorities)	8	8	0
Interest on balances	5	3	3
Income from LEP for PUSH Programme Support	40	35	0
Underspend c/f from previous year	556	556	517
Additional (reduced) resources c/f from previous year	13	13	(7)
Sub-Total	818	811	709
<u>Capital Funds</u>			
Underspend c/f from previous year	214	214	0
Local Growth Fund to support SRM Projects	590	590	765
Sub-Total	804	804	765
Total Resources	1,622	1,615	1,474

5. The actual interest on balances was lower than budgeted in 2015/16 because interest rates were lower than estimated. Income from the Solent LEP for PUSH Programme Support was also lower than anticipated, due to a reduced level of support required in the period November 2015 to January 2016.
6. It is proposed that Partner Contributions for 2016/17 remain the same as 2015/16 resulting in a total contribution of £196,000. Additional capital funding has been secured through the Solent LEP Local Growth Fund to support further Solent Recreation Mitigation projects, commencing in 2016/17. An under spend of £6,000 on capital has been carried forward as an addition to the revenue fund.

FINAL OUTTURN 2015/16 - REVENUE

7. Table 2 below sets out the revenue budget for 2015/16, originally approved by the Joint Committee in June 2015 and revised at subsequent meetings, and the actual outturn.

Table 2 Revenue Allocations	2014/15 Revised Budget	2014/15 Spend to end Mar 16	2013/14 Under/ (Over) Spend
	£000s	£000s	£000s
Planning & Infrastructure	143	114	29
Energy & Green Economy	83	31	52
Culture, Creative Industries and the Built Environment	38	33	5
European Collaboration Group	7	7	0
Core Projects & Central Costs	275	122	153
Contingency Reserve	50	0	50
Unallocated Balances	222	0	222
Total	818	307	511

8. The work of **Planning & Infrastructure Delivery Panel** is progressing as planned. The PUSH Spatial Planning Review is nearing completion and a draft spatial document will be presented at this Committee meeting to seek approval to undertake a public consultation process in the summer. Supporting the Spatial Strategy Document are a range of evidence based studies including a revised Strategic Housing Market Assessment, Habitats Regulations Assessment, Sustainability Appraisal and Employment Needs Study. The Strategic Flood Risk Assessment is now complete and will be presented at this meeting for approval. An officer has now been identified to represent PUSH on the Solent Mitigation and Recreation Partnership (SRMP).
9. The **Energy and Green Economy Delivery Panel** continues to make good progress on its planned activities. In the past twenty months, 70 SMEs have been supported in developing innovative low carbon goods and services with 206 high value jobs having been created and a further 25 contracted to be created. Greentech South has been established to provide ongoing support for innovation in clean technologies and is the first Environmental Goods & Services cluster in the UK to receive EU accreditation. Greentech South now has 130 Member organisations of which 77 are private enterprises, with others comprising academic and public sector bodies. Greentech South provides a range of supporting events and services to member companies to support their development and growth. The work has now commenced on implementation of the Solent Energy Strategy with a pipeline of projects being developed and potential funding streams to implement the projects identified. Work continues to progress on the development of a Hampshire Community Bank to provide lending to SMEs generally and support the green economy specifically. The team are currently in the process of preapproval with the regulating authorities. In the meantime, lending to SMEs in South Hampshire utilising the Green Growth loan fund continues. Future South is currently working with partners on a number of funding bids to support its work going forward in developing business growth and high value jobs in the green and low carbon economies.

10. The **Culture, Creative Industries & the Built Environment Delivery Panel** is continuing to progress its work programme in relation to its three priorities. On the 7th April Creative Network South launched its partnership with Creative United at the University of Portsmouth. Over 60 businesses attended, ten applied for support from creative united and 4 have been matched with specialist business advisors. It is planned that 4 similar events will be held during the year in other parts of the PUSH area. Creative Network South and the Chamber of Commerce are meeting with university vice chancellors to discuss the development of a joint prospectus for the development of the creative economy in the Solent area. The Portsmouth Harbour project is entering its third year, development activity is being focused on seven priority projects. Funding has been secured for the 2016 Solent Design awards which will take place at the Sea City Museum Southampton in the Autumn. Nominations will open in the summer.
11. 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.
12. 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. In March 2015, the Joint Committee approved an additional £25,000 to the Solent LEP, following a request made by the LEP that the additional PUSH contribution would enable the Solent LEP to secure the full match funding from Government of £250,000. The Joint Committee approved this payment subject to a similar sum being paid to PUSH to help support the area's Spatial Strategy review work. The Solent LEP was to confirm that they are happy with the Joint Committee's proposal in writing before PUSH funding is released.
13. A much reduced **Contingency Reserve** of £50,000 for 2015/16 was set primarily to fund potential termination costs should such circumstances arise.
14. There were **Unallocated Balances** of £222,000. 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 2017/18, unless projects came forward during 2016/17 with a compelling business case.

FINAL OUTTURN 2015/16 - CAPITAL

15. Table 3 below sets out the capital budget for 2015/16 as approved by the Joint Committee in June 2015 and the actual outturn.

Table 3 Capital Allocations	2015/16 Budget Approved June 15	2015/16 Spend to end Mar 16	2015/16 Under/ (Over) Spend
	£000s	£000s	£000s
Alver Valley Project	50	50	0
Portsmouth Creative Industries	75	75	0
Portsmouth ARTches	40	40	0
Cell Block Enterprise	49	43	6
Total	214	208	6

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

PLANNING & INFRASTRUCTURE

Table 3a Capital Allocations: Planning & Infrastructure	2015/16 Budget Approved June 15	2015/16 Spend to end Mar 16	2015/16 Under/ (Over) Spend
	£000s	£000s	£000s
Alver Valley Project	50	50	0
Total	50	50	0

17. **The Alver Valley Country Park Scheme** completed in January 2016.

ENERGY & GREEN ECONOMY

18. There are currently no capital projects within the remit of this delivery panel.

CULTURE, CREATIVE INDUSTRIES & THE BUILT ENVIRONMENT

Table 3c Capital Allocations: Culture, Creative Industries & the Built Environment	2015/16 Budget Approved June 15	2015/16 Spend to end Mar 16	2015/16 Under/ (Over) Spend
	£000s	£000s	£000s
Portsmouth Creative Industries	75	75	0
Portsmouth ARTches	40	40	0
Cell Block Enterprise	49	43	6
Total	164	158	6

19. Both the **Portsmouth Creative Industries** and the **Portsmouth ARTches** schemes concluded in October and December 2015 respectively. PUSH contribution has helped to fund the investigative, site preparation and detailed design of thirteen Arches in Portsmouth which will be used to support start-up businesses. These works will take the scheme from planning permission stage to the development and has been critical in ensuring the quality and sustainability of the scheme. An Arches Advisory Panel, made up of key stakeholders is helping to shape elements of the facility's operation such as agreeing artist tenants, job specifications for facility staff, branding and communications. The New Theatre Royal creative work spaces as well as the Theatre stage are now open to the general public and newly graduated professionals whom are expected to make full use of the facilities to help develop their business ideas to market.
20. The **Cell Block Enterprise (CBE) Scheme** completed in March 2016 and is due to open in time for the Americas Cup events in the summer. The scheme is led by the University of Portsmouth in partnership with Portsmouth Naval Base Property

Trust. The CBE will support enterprise skills development, provide access to early stage business funding (tagged with mentoring to ensure accountability), accelerate job creation. The University made use of the previously neglected but iconic heritage asset that was surplus to Ministry of Defence requirements at the Portsmouth Historic Dockyard. The completed scheme has created 10 workspaces, 'virtual' premises for 65 companies and is anticipated to provide services reaching 300 companies annually. Cell Block will act as a focal point for the creative industries, Continuous Professional Development (CPD) activity and community. The project team are committed through this project to support the creation of 100 new private sector jobs.

2015/16 STATEMENT OF ACCOUNTS

21. The Statement of Accounts for the 2015/16 financial year and the Annual Governance Statement are presented for approval in Appendix 1. These statements will be subject to review by the internal auditor no later than 30 June 2016.
22. 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 2015, arrangements are being made for the audit of the 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 2016/17 and the external auditor's opinion will be received no later than 30 September 2016.

PROPOSED BUDGET 2016/17 - REVENUE

23. The following revenue allocations are proposed for 2016/17. The allocations for the three delivery panels reflect the final outturn position and include amendments to the provisional carry forward requests agreed in the March 2016 budget monitoring report. A revised allocation has also been made for Core Projects and Central Costs. For further details of these activities, please refer to the 2016/18 PUSH Business Plan. As PUSH funding will continue to be more limited than in the past, it is proposed that the Unallocated Balances will be used to support activities in 2017/18 unless projects come forward during 2016/17 with a compelling business case. The Contingency Reserve has been set aside primarily to fund termination costs in the event it was required.

Revenue Allocations	£000s
Planning & Infrastructure	150
Energy & Green Economy	52
Culture, Creative Industries and the Built Environment	30
European Collaboration Group	7
Inward Investment	100
Core Projects & Central Costs	137
Contingency Reserve	25
Unallocated Balances	208
Total	709

PROPOSED BUDGET 2016/17 - CAPITAL

24. The schemes within the PUSH capital programme were all completed by the end of the financial year 2015/16. The small under spend of £6,000 has been carried forward as an addition to the revenue fund for 2016/17.
25. PUSH has secured funding of £765,000, as part of the Solent LEP Local Growth Deal, for projects, commencing in 2016/17, to create and enhance publically accessible greenspaces. It is proposed that Southampton City Council act as Accountable Body for managing these funds, on behalf of PUSH, at a cost of £4,000 to be met from the 2016/17 revenue budget.

CONCLUSION

This Committee is recommended to:-

- (a) NOTE the outturn for the financial year 2015/16;
- (b) APPROVE the Statement of Accounts for the 2015/16 financial year and the Annual Governance Statement (Appendix 1);
- (c) NOTE that Partner Contributions for 2016/17 remain the same as 2015/16 resulting in a total contribution of £196,000;
- (d) APPROVE the revised capital and revenue budgets for 2016/17 as set out in the report, including the proposed level of contributions from partner authorities;
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- (f) APPROVE that Southampton City Council (SCC) act as Accountable Body for managing these funds, on behalf of PUSH, at a cost of £4,000 to be met from the 2016/17 PUSH revenue budget.

Background Papers:

Appendix 1 - Statement of Accounts for the 2015/16 financial year and the Annual Governance Statement

Enquiries:

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