



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

Date: **4 February 2014**

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

Subject: **Capital and Revenue Budget Monitoring 2013/14**

## SUMMARY

This report provides an update for the Overview and Scrutiny Committee on progress to date against the revenue and capital programmes, including a forecast outturn for the current financial year.

## RECOMMENDATION

This Committee is recommended to:-

1. NOTE the spend for the year to date and the forecast outturn for the year as set out in the report.
2. NOTE the indicative carry forward requests for a number of the capital projects.
3. NOTE the revised capital and revenue budgets for 2013/14 as set out in the report.
4. NOTE a virement of £1,000 from capital unallocated balances and £15,000 from revenue unallocated balances to support Programme Management up to 31 June 2014.
5. NOTE the provisional allocation of £10,000 from the unallocated balances as match funding in support of the proposed cultural destination project subject to the success of the funding bid to Arts Council England.

## INTRODUCTION

1. This report provides an update for the Overview and Scrutiny Committee on progress to date against the approved revenue and capital programmes for the current financial year. It also identifies any recommended changes to these programmes.
2. This report also sets out the forecast position to the end of the current financial year. This will be reviewed and updated in the next monitoring report to the Overview and Scrutiny Committee in March 2014.
3. In previous years, this report to the January Joint Committee has included indicative budgets for the forthcoming financial year. This year it is not yet possible to provide this information as a consequence of the emerging governance review of the future role and structure of PUSH. In recognition of this recent review and for the purpose of this report, an update has been sought from each Delivery Panel to confirm contractual commitments that are currently in place for all capital and revenue activities which are likely to be considered as carry forward requests into the financial year 2014/15.

## RESOURCES

4. Table 1, below, shows the estimated PUSH resources available for 2013/14, and funds that have been received to end of December 2013.

| <b>Table 1: Total Resources Available</b> | 2013/14<br>Budget<br>Approved<br>Sep 13<br>£000s | 2013/14<br>Budget<br>Revised<br>Jan 13<br>£000s | 2013/14<br>Actual<br>received<br>to end<br>Dec 13<br>£000s |
|---|--|---|--|
| <u>Revenue Funds</u>                      |  |   |  |
| Core funding (local authorities)          | 162  | 162   | 162  |
| Interest on balances                      | 5  | 5   | 0  |
| Other local authority funding             | 39   | 39  | 39   |
| Underspend c/f from previous year         | 936  | 948   | 948  |
| Virement to capital                       |  | (15)  | (15)   |
| <b>Sub-Total</b>                          | <b>1,142</b>                                     | <b>1,139</b>                                    | <b>1,134</b>   |
| <u>Capital Funds</u>                      |  |   |  |
| Underspend c/f from previous year         | 1,001  | 1,001   | 1,001  |
| Virement from revenue                     |  | 15  | 15   |
| <b>Sub-Total</b>                          | <b>1,001</b>                                     | <b>1,016</b>                                    | <b>1,016</b>   |
| <b>Total Resources</b>                    | <b>2,143</b>                                     | <b>2,155</b>                                    | <b>2,150</b>   |

5. The totals for capital and revenue resources above are the control totals for the capital and revenue budgets detailed below. The underspend carried forward from last year has been increased by £12,000 to reflect the actual interest on balances received in 2012/13.
6. A virement is proposed from revenue funds to capital to fund the extension of the Programme and Information Manager's contract from 31<sup>st</sup> December 2013 to 30<sup>th</sup> June 2014.

## REVENUE BUDGET

7. Table 2 below sets out the revenue budgets for 2013/14 as approved by the Joint Committee in September 2013 and the proposed revised budgets as at January 2014. The table also reflects spend in the current financial year to the end of December and the forecast outturn for the year which would result in a forecast underspend of £513,000.

| <b>Table 2 Revenue Allocations</b>        | 2013/14                      | 2013/14                     | 2013/14                   | 2013/14             |
|---|------------------------------|-----------------------------|---------------------------|---------------------|
|   | Budget<br>Approved<br>Sep 13 | Budget<br>Revised<br>Jan 13 | Spend to<br>end Dec<br>13 | Forecast<br>Outturn |
| <b>Revenue Allocations</b>                | £000s                        | £000s                       | £000s                     | £000s               |
| Economic Development                      | 246                          | 246                         | 45                        | 192                 |
| Sustainability & Community Infrastructure | 100                          | 100                         | 32                        | 100                 |
| Housing & Planning                        | 160                          | 160                         | 46                        | 113                 |
| Quality Places                            | 30                           | 30                          | 12                        | 19                  |
| Core Projects & Central Costs             | 195                          | 195                         | 49                        | 127                 |
| LEP Contribution                          | 125                          | 125                         | 75                        | 75                  |
| Contingency Reserve                       | 50                           | 50                          | 0                         | 0                   |
| Unallocated Balances                      | 236                          | 233                         | 0                         | 0                   |
| <b>Total</b>                              | <b>1,142</b>                 | <b>1,139</b>                | <b>258</b>                | <b>626</b>          |

8. **The Economic Development delivery panel** continues to deliver its Employment and Skills and Inward Investment related activities in collaboration with the Solent LEP. As a consequence, PUSH remains a key partner and Board Member representative on both the Solent Employment and Skills Board (ESB) and Inward Investment Board. Against the Panel's allocation of £246K, a total of £95K has been identified to support employment and Skills activities under the auspices of the Solent ESB. The appointment of the ESB Co-ordinator is now underway. A key priority for the Co-ordinator will be to work with key partners towards developing a Solent wide Skills Plan. Work on Inward Investment is also gathering pace and an update on future arrangements will be presented for consideration at this Committee meeting.
9. The work of the **Sustainability and Community Infrastructure delivery panel** is progressing well as planned. The Future Solent event held on 18 October in partnership with the Chamber of Commerce proved a success with over 190 delegates in attendance. Keynote speakers included the Rt. Hon Dr Vince Cable MP Secretary of State for Business Innovation & Skills at which he announced Government plans to award £3 Million of Regional Growth Funding (RGF) support to the Future Solent Green Growth Programme. The exciting programme aims to create at least 315 new jobs in the Solent area over the next three years by supporting business growth in the low carbon or "green economy". This includes high tech green technology companies and companies involved in renewable energy, energy efficiency and waste & recycling. The Panel is also progressing with developing a Solent Energy Strategy which will help to underpin the low carbon and energy efficiency ambitions of the area. A final report of the Strategy will be tabled this meeting for approval in due course. Another priority area for this Panel is the Solent Green Deal Programme which again is progressing well, outputs of which include six trained Green Deal Assessors whose role will be to assess energy efficiency needs across the Solent.

10. Much of the planned activities of the **Housing and Planning delivery panel** are underway. The Strategic Housing Market Assessment work is now complete and the final report is due to be presented at this meeting for information. The next phase of this work will be a scoping exercise towards the roll forward of a PUSH Spatial Strategy which will involve determining the timetable of key activities to be undertaken between now and its conclusion. The Committee will be kept informed of progress as and when determined.
11. The **Quality Places delivery panel** is on track to deliver its planned revenue activities and continues to actively seek external funding as match funding to take forward key initiatives. The Portsmouth Harbour Project was allocated a PUSH budget of £7K this financial year which helped to leverage a total funding package of £614K to support the regeneration of disused historic assets on the Portsmouth Harbour. There has been a slight delay in the recruitment of a Project Officer to support the delivery of the planned work programme. However discussions are now underway with English heritage and other funding partners to get the project started. As a consequence, a carry forward of £6K is required for the Portsmouth Harbour project. Preparations for the Solent Awards Event are also underway but given the event will take place in 2014, a budget carry forward of £5K will be necessary to fund the event next financial year. The Joint Committee at this meeting will receive a report on the Cultural Destination project within which a £10,000 provisional budget request is sought subject to the success of the funding bid to Arts Council England aimed at securing a total of £395K to deliver the initiative.
12. The **Central Costs** has seen a significant reduction over the last three years in line with budget constraints. The central budget reflects commitments relating to staffing costs for the PA for PUSH and a newly appointed Temporary Project Support Officer due to start week commencing 13<sup>th</sup> January 2014 to cover the absence of the PA whilst she is on maternity leave. These costs have been offset by a saving on the Executive Director's costs. Other ongoing revenue activities assumed within the central budget include PUSH's agreed allocation of £25K towards the land contamination study and Environmental impact assessment for the identified City Deal sites. Other key activities include communications and transport related research.
13. At its meeting in June, the Joint Committee agreed a total LEP contribution of £125K split over two financial years covering 2013/14 and 2014/15. To date, the Solent LEP has requested and received an initial contribution of £75,000 from this budget which has now been paid by PUSH. The final contribution of £50K is expected to be paid to the Solent LEP in 2014/15.
14. A much reduced **Contingency Reserve** of £50,000 for 2013/14 has been set primarily to fund potential termination costs should this arise, reflecting a much streamlined PUSH
15. There is an **Unallocated Balance** of £233K. This balance includes the additional interest on balances received in 2012/13 of £12,000.
16. As PUSH funding in future years will be much more limited than in the past, it is proposed that the Unallocated Balances be used to support revenue based activities of the PUSH Delivery Panel in 2014/15. As part of the process in determining priorities for the PUSH Business Plan for 2014/15, all Delivery Panels will be asked to identify activities that deliver the aims and objectives of PUSH and proposals will be brought forward for consideration by the Joint Committee in June 2014.

## CAPITAL BUDGET

17. Table 3, below, sets out the capital budgets for 2013/14 as approved by the Joint Committee in September 2013 and the proposed revised budgets as at January 2014. The table also shows spend in the current financial year to the end of December and forecast outturn for this year, which would result in a forecast underspend of £97,000.

| <b>Table 3 Capital Allocations</b>          | 2013/14                | 2013/14               | 2013/14             | 2013/14          |
|---|------------------------|-----------------------|---------------------|------------------|
|   | Budget Approved Sep 13 | Budget Revised Jan 13 | Spend to end Dec 13 | Forecast Outturn |
| <b>Capital Projects</b>                     | £000s                  | £000s                 | £000s               | £000s            |
| Eastleigh Creative Hub                      | 60                     | 60                    | 0                   | 60               |
| Hayling Island Access Trails                | 60                     | 60                    | 15                  | 52               |
| Portsmouth Creative Industries              | 500                    | 500                   | 125                 | 500              |
| Progressive Studios - ASPACE                | 50                     | 50                    | 0                   | 50               |
| Creative Apprenticeship Programme - Artwork | 16                     | 16                    | 4                   | 16               |
| Portsmouth CC ARTches                       | 40                     | 40                    | 0                   | 0                |
| Cell Block Enterprise                       | 49                     | 49                    | 0                   | 0                |
| Gosport Town Centre                         | 85                     | 85                    | 0                   | 85               |
| Southampton Northern Quarter                | 86                     | 86                    | 0                   | 86               |
| Programme Manager                           | 54                     | 70                    | 35                  | 70               |
| Unallocated Balances                        | 1                      | 0                     | 0                   | 0                |
| <b>Total</b>                                | <b>1,001</b>           | <b>1,016</b>          | <b>179</b>          | <b>919</b>       |

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

## ECONOMIC DEVELOPMENT

| <b>Table 3a Capital Allocations: Economic Development</b> | 2013/14                | 2013/14               | 2013/14             | 2013/14          |
|---|------------------------|-----------------------|---------------------|------------------|
|   | Budget Approved Sep 13 | Budget Revised Jan 13 | Spend to end Dec 13 | Forecast Outturn |
|   | £000s                  | £000s                 | £000s               | £000s            |
| Eastleigh Creative Hub                                    | 60                     | 60                    | 0                   | 60               |
| <b>Total</b>  | <b>60</b>              | <b>60</b>             | <b>0</b>            | <b>60</b>        |

19. The **Eastleigh Creative Hub Project** is on track and is being developed in collaboration with 25 technical and digital SME companies who are the key target users. The designs have been signed off, the orders placed for furniture and kit out and there has been collaboration with The Sorting Office hub residents for some unique design elements within the Technical Hub. Wessex House which will house the hub has completed the refurbishment of the entry foyer and entrance area, and work is underway in regards to services into the hub. The final fit out and refurbishment of the business workspace is scheduled for early 2014 with a soft opening followed by a VIP opening in March 2014.

## SUSTAINABILITY AND COMMUNITY INFRASTRUCTURE

| <b>Table 3b Capital Allocations:</b>               | 2013/14                | 2013/14               | 2013/14             | 2013/14          |
|--|------------------------|-----------------------|---------------------|------------------|
| <b>Sustainability and Community Infrastructure</b> | Budget Approved Sep 13 | Budget Revised Jan 13 | Spend to end Dec 13 | Forecast Outturn |
|  | £000s                  | £000s                 | £000s               | £000s            |
| Hayling Island Access Trails                       | 60                     | 60                    | 15                  | 52               |
| <b>Total</b>                                       | <b>60</b>              | <b>60</b>             | <b>15</b>           | <b>52</b>        |

20. **The Hayling Island Access Trails project** is progressing as planned and much of the project will be delivered by March 2014. The footpath works on the seafront, including resurfacing and bollards, were completed in November 2013. Resurfacing of part of the Hayling Billy Trail, along with new seats and improvements around the sub station, will be carried out in January/February 2014. However, a carry forward request of £8K is required into next financial year to allow for the final element of the scheme due to complete by April 2014.

## QUALITY PLACES

| <b>Table 3c Capital Allocations:</b>        | 2013/14                | 2013/14               | 2013/14             | 2013/14          |
|---|------------------------|-----------------------|---------------------|------------------|
| <b>Quality Places</b>                       | Budget Approved Sep 13 | Budget Revised Jan 13 | Spend to end Dec 13 | Forecast Outturn |
|   | £000s                  | £000s                 | £000s               | £000s            |
| Portsmouth Creative Industries              | 500                    | 500                   | 125                 | 500              |
| Progressive Studios - ASPACE                | 50                     | 50                    | 0                   | 50               |
| Creative Apprenticeship Programme - Artwork | 16                     | 16                    | 4                   | 16               |
| Portsmouth CC ARTches                       | 40                     | 40                    | 0                   | 0                |
| Cell Block Enterprise                       | 49                     | 49                    | 0                   | 0                |
| Gosport Town Centre                         | 85                     | 85                    | 0                   | 85               |
| Southampton Northern Quarter                | 86                     | 86                    | 0                   | 86               |
| <b>Total</b>                                | <b>826</b>             | <b>826</b>            | <b>129</b>          | <b>737</b>       |

21. **The Portsmouth Creative Industries project** is currently experiencing a 12 week delay in its overall capital build programme and consequently expected to complete on 22 August 2014. PUSH is represented on the Project Board and is therefore working closely with the lead accountable body, New Theatre Royal, to ensure that the timetable for the scheme is brought back into programme. No carry forward will be required as PUSH's element of the build will be complete by March 2014.
22. **The Progression Studios – ASPACE project** is a joint project between PUSH, Southampton Solent University, ASPACE and Southampton City Council. Due to issues with agreeing the contractual arrangements, this project has stalled until a resolve has been reached. The Chief Executive Lead for the Quality Places Panel has to date exchanged correspondence with the University and in turn received written confirmation of the University's strong commitment to delivering the project. Further update will be provided at the next Joint Committee.

- 23. The Creative Apprenticeship Programme – Artswork** project is well underway and due to complete by February 2014.
- 24. The Portsmouth City Council ARTches** project has now secured its planning permission to deliver the build improvements necessary to bring the Ancient Monument Arches to create business incubation workspaces to support business start ups. The Lead Authority for this project is currently awaiting the outcome of the funding bid submission to Coastal Communities Fund in October 2013. If successful, the Coastal Communities Fund will leverage an additional £1.5m to support the project using the PUSH allocation of £40K as match funding. On this basis, a revised timetable will be provided to PUSH by end January including a carry forward of £40K to next financial year.
- 25. The Cell Block Enterprise** project aims to convert a former building located at the entrance of the Portsmouth historic dockyard into business workspaces. The PUSH allocation of £49K is match funded by DCLG funding of £550K to support the physical build and the IT infrastructure necessary for the businesses to run efficiently. The scheme was initially due to commence in June but was stalled due to delayed confirmation from Government on the allocated Regional Growth Fund (RGF), awarded in September 2013. Planning application for the build was subsequently submitted on 28<sup>th</sup> October and the outcome of the decision is due in February 2014. Subject to planning consent, the lead organisation, Portsmouth University, will be required to submit a revision of the project milestones to PUSH with an identified completion date within the next financial year. It is likely therefore that a carry forward of the full allocated budget of £49K will be required.
- 26. The Gosport Town Centre project** is progressing as planned. The detailed design drawings for the Town Centre improvements and all of the necessary public consultation have completed. Furthermore, a project Manager has been appointed including the provision of 120 hours of graduate / post graduate work experience. However, the lead authority for the project has advised of a revised completion date of May 2014. A proportion of the total budget will therefore require a carry forward request to support the final phase of the public realm improvements due to be undertaken between March and May 2014. Confirmation of the precise carry forward budget required will be reported at the next Joint Committee meeting.
- 27. The Southampton Northern Quarter** public realm scheme is scheduled to commence in January 2014 and compete by March 2014.

## PROGRAMME MANAGEMENT

| <b>Table 3d Capital Allocations:<br/>Programme Management</b> | 2013/14<br>Budget<br>Approved<br>Sep 13<br>£000s | 2013/14<br>Budget<br>Revised<br>Jan 13<br>£000s | 2013/14<br>Spend to<br>end Dec<br>13<br>£000s | 2013/14<br>Forecast<br>Outturn<br>£000s |
|---|--|---|---|---|
| Programme Manager   | 54   | 70  | 35  | 70                                      |
| Unallocated Balances  | 1  | 0   | 0   | 0                                       |
| <b>Total</b>  | <b>55</b>  | <b>70</b>                                       | <b>35</b>                                     | <b>70</b>                               |

28. At its meeting in December 2012, the Joint Committee agreed to increase the budget for **Programme and Information Manager** to reflect the extension of contract from 31<sup>st</sup> December 2012 to 31<sup>st</sup> December 2013 as reported at the October Joint Committee. The Joint Committee is asked at this meeting to approve a total allocation of £35,000 to reflect the extension of contract from 31 December 2013 to 30 June 2014. It is proposed that funding to honour this contractual commitment is vired from capital unallocated balances (£1,000) and revenue unallocated balances (£15,000).

## **CONCLUSION**

This Committee is recommended to:-

1. NOTE the spend for the year to date and the forecast outturn for the year as set out in the report.
2. NOTE the indicative carry forward requests for a number of the capital projects.
3. NOTE the revised capital and revenue budgets for 2013/14 as set out in the report.
4. NOTE a virement of £1,000 from capital unallocated balances and £15,000 from revenue unallocated balances to support Programme Management up 31 June 2014.
5. NOTE the provisional allocation of £10 000 from the unallocated balances as match funding in support of the proposed cultural destination project subject to the success of the funding bid to Arts Council England.

### **Background Papers:**

Joint Committee 6 June 2013 – Item 10: Capital and Revenue Budget Monitoring 2012/13 and Capital and Revenue Budgets 2013/14

### **Enquiries:**

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