



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

Date: **3 February 2015**

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

Subject: **Capital and Revenue Budget Monitoring 2014/15**

SUMMARY

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

RECOMMENDATION

The overview and Scrutiny Committee is recommended to:-

1. NOTE the spend for the year to date against the revised capital and revenue budgets for 2014/15 as set out in the report;
2. NOTE the final annual return attached as Appendices A & B to this report;
3. NOTE the reduction in the number of budget monitoring reports submitted to the Joint Committee from five to three times per annum, with effect from the 2015/16 financial year;
4. NOTE that at its December meeting, the Joint Committee approved the recommendation to reduce the budget allocation for finance support from £20,000 in 2014/15 to £8,000 in 2015/16 and NOTE that this allocation will be subject to an annual review based on the value of the total PUSH budget.

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. There are no recommended changes to these programmes in this report. The Overview and Scrutiny Committee is also advised to note the recommendations made within this report concerning the frequency of financial reporting in 2015/16 and the associated budget allocation.

RESOURCES

2. Table 1 below, shows the estimated PUSH resources available for 2014/15 which includes the actual income received for this financial year and under spends from 2013/14.

Table 1: Total Resources Available	2014/15 Budget Approved Sep 14 £000s	2014/15 Actual received to end Oct 14 £000s
<u>Revenue Funds</u>		
Core funding (local authorities)	196	196
Interest on balances	5	0
Income from LEP for PUSH Programme Support	29	20
Underspend c/f from previous year	721	721
Sub-Total	951	937
<u>Capital Funds</u>		
Underspend c/f from previous year	546	546
Sub-Total	546	546
Total Resources	1,497	1,483

3. The totals for capital and revenue resources above are the control totals for the capital and revenue budgets detailed below.

REVENUE BUDGET

4. Table 2, below, sets out the revenue budgets for 2014/15 as approved by the Joint Committee in September 2014. For further details of each of these activities, please refer to the PUSH Business Plan for 2014/15. The table also shows spend in the current financial year to the end of October.

Table 2 Revenue Allocations	2014/15 Budget Approved Sep 14 £000s	2014/15 Spend to end Oct 14 £000s
Planning & Infrastructure	240	5
Energy & Green Economy	48	6
Culture, Creative Industries and the Built Environment	33	4
European Collaboration Group	7	7
Core Projects & Central Costs	395	128
Contingency Reserve	50	0
Unallocated Balances	178	0
Total	951	150

5. 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. These being an appraisal of the previous Green Infrastructure Implementation Plan, a sub-regional co-ordination of the Strategic Flood Risk assessment and the Solent Environmental and Mitigation Scheme. The latter is a scheme derived from the Solent Local Growth Deal settlement against which, an allocation of £1.5m was allocated by Government to the Solent LEP to deliver large scale Green Infrastructure schemes that will help mitigate against environmental impacts with the ultimate aim being to unlock housing development across the Solent. PUSH is leading on this scheme in partnership with the two national parks and Chichester City Council through a collaborative Group named the 'Solent Mitigation and Recreation Partnership (SRMP).
6. The work of the Energy & Green Economy delivery panel is progressing as planned. Following the agreement of support from PUSH at the Joint Committee in September, a Project Manager is now being recruited to manage the development of a "Cleantech Cluster" to support economic growth in high value, innovative, clean technology companies. This builds on the progress made by the Future Solent Green Growth RGF Programme where to date over £1 million has been awarded to innovative, clean technology companies creating 100 jobs. On 7th November 2014, the Future Solent initiative, which PUSH is a founding member of, held its third annual conference at the Portsmouth Naval Dockyard. More than 200 people attended, mostly from the business sector, but also with representatives from universities and local authorities. The conference focussed on the development of a Solent Energy Strategy, which is being funded by PUSH. The conference revealed clear-cut business support for the need for a Solent Energy Strategy and underlined the necessity for a strong partnership between the business sector and local authorities in delivering the strategy and its benefits in the form of energy security, local economic growth in the energy sector and decarbonisation. The Solent Energy Strategy is due to be finalised in early 2015.
7. The business plan for the **Culture, Creative Industries and the Built Environment** delivery panel is focussed on delivering three strands of work, Creative Network South (CNS), Quality Place Practitioners Group and the Portsmouth Harbour heritage led regeneration project. CNS continues to lead on the panels work on Creative Industry Development including the launch of the Southern Independent Games Network led by Portsmouth University, the creative apprenticeship programme led by artwork, the Hampshire Digital Network, and the Hampshire Creative Workspace provider's network managed by Aspace. In October the Eastleigh Tec Hub which was part funded by PUSH was launched, the Tec Hub is important addition to the network of creative workspaces in South Hampshire. The network now collectively supports over 300 early stage businesses. The Quality Place Practitioners group made up of design lead officers from Partner Authorities drives the panels work in promoting good quality design built environment. The third Solent Design Award Presentations will take place at the Mary Rose Museum. The event is sponsored by Bouygues UK. These awards provide an opportunity to celebrate South Hampshire's most exciting developments. This year the public choice award has received over 1,600 votes twice as many as when the public vote was first held in 2012. The Portsmouth harbour heritage led regeneration project - Joint committee received a report on this project in September. Work is now proceeding in assessing the projects with most potential. The project team will also be running a workshop to support community organisations considering applying for heritage lottery fund monies.

8. 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. In doing so, the group remains effective in sharing good practice, advice and information on European matters. The PUSH allocation of £7K has helped PUSH to secure a Southern England Local Partners (SELP) membership which this Group oversees.
9. 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 2011, PUSH endorsed Solent LEP Contribution of £125K, split into two payments. £75K in 2013/14 & £50K IN 2014/15. The final payment to the Solent LEP has now been made which concludes PUSH's contribution to the LEP.
10. 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
11. There are **Unallocated Balances** of £178K. 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 unless projects come forward during 2014/15 with a compelling business case.

CAPITAL BUDGET

12. Table 3, below, sets out the capital budgets 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. There was one approved change to these budgets in September 2014 to fund the Alver Valley Project from unallocated balances. The table also shows spend against the approved programme to the end of October.

Table 3 Capital Allocations	2014/15 Budget Approved Sep 14	2014/15 Spend to end Oct 14
	£000s	£000s
Alver Valley Project	50	0
Hayling Island Access Trails	28	28
Portsmouth Creative Industries	250	175
Portsmouth ARTches	40	0
Cell Block Enterprise	49	0
Gosport town centre	15	15
Southampton station quarter	86	0
Eastleigh Creative Hub	28	10
Total	546	228

PLANNING & INFRASTRUCTURE

Table 3a Capital Allocations: Planning & Infrastructure	2014/15 Budget Approved Sep 14	2014/15 Spend to end Oct 14
	£000s	£000s
Alver Valley Project	50	0
Total	50	0

13. **The Alver Valley Country Park Scheme** was endorsed by the PUSH Joint Committee in September to receive a PUSH allocation of £50K to deliver the scheme. Environmental improvement works on site have already commenced and it is expected that the scheme will complete by 31 March 2015.

ENERGY & THE GREEN ECONOMY

Table 3b Capital Allocations: Energy & Green Economy	2014/15 Budget Approved Sep 14	2014/15 Spend to end Oct 14
	£000s	£000s
Hayling Island Access Trails	28	28
Total	28	28

14. **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 AND THE BUILT ENVIRONMENT

Table 3c Capital Allocations: Culture, Creative Industries and the Built Environment	2014/15 Budget Approved Sep 14	2014/15 Spend to end Oct 14
	£000s	£000s
Portsmouth Creative Industries	250	175
Portsmouth ARTches	40	0
Cell Block Enterprise	49	0
Gosport town centre	15	15
Southampton station quarter	86	0
Total	440	190

15. **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 completion date of February 2015. The University's senior management is in direct communication with the contractor's directors, to gain assurances that sufficient management and resource will be made available to meet its commitment.

16. The **Portsmouth Arches Project** has to date secured all of its required funding package made up of PUSH's allocation (£40K), Portsmouth City Council funds of £100K and DCLG funding of £1.5m. The required planning permission, listed building consent and scheduled monument consent have also been obtained. The Architects assigned to the scheme are currently in the process of producing a revised programme, spend profile and milestones subsequent to which, the project will have commenced prior to the January Joint Committee.
17. **The Cell Block Enterprise Scheme** commenced on 4 August 2014 and is progressing as planned. The scheme is scheduled to complete by February 2014 with a total of ten work spaces to be made available to companies in the Creative sector. The University of Portsmouth remains on schedule to develop and deliver activities designed to support companies that could be potential tenants of the Cell Block once the building is complete. So far, nine companies have been identified as tenants and are currently receiving business support from the University of Portsmouth until such time as the workspaces become available. The next round of training is envisaged to focus on existing and start-up businesses in the Solent region.
18. 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.
19. **Southampton Station Quarter - Public Realm Scheme** is well underway and progressing as planned. It is expected that works will complete by end December 2014.

PUSH CORE ACTIVITIES

Table 3d Capital Allocations: PUSH Core Activities	2014/15 Budget Approved Sep 14	2014/15 Spend to end Oct 14
	£000s	£000s
Eastleigh Creative Hub	28	10
Total	28	10

20. The Eastleigh Creative Hub completed and formally launched on 14 October 2014. The Chairman of PUSH was invited as Keynote Speaker at the event.
21. There are no remaining **Unallocated Balances**.
22. The Joint Committee are advised to consider the recommendations made within this report concerning the frequency of financial reporting in 2015/16 and the associated budget allocation. As the value of the total PUSH budget has been reducing over time, it is proposed that the number of budget monitoring reports and the allocation for finance support are reviewed annually to reflect this. It is proposed that the finance support allocation is reduced from £20K to £8K in 2015/16, subject to agreement that the number of budget monitoring reports is reduced from five to

three per annum. It is proposed that these will be submitted to the Joint Committee in June, December and March.

CONCLUSION

This Committee is recommended to:-

23. NOTE the spend for the year to date against the revised capital and revenue budgets for 2014/15 as set out in the report;
24. NOTE the final annual return attached as Appendices A & B to this report;
25. NOTE the reduction in the number of budget monitoring reports submitted to the Joint Committee from five to three times per annum, with effect from the 2015/16 financial year;
26. NOTE that at its December meeting, the Joint Committee approved the recommendation to reduce the budget allocation for finance support from £20,000 in 2014/15 to £8,000 in 2015/16 and NOTE that this allocation will be subject to an annual review based on the value of the total PUSH budget.

Background Papers:

Joint Committee 24 June 2014 – Item 9: Capital and Revenue Budget Monitoring 2013/14 and Capital and Revenue Budgets 2014/15

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