



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

Date: **24 May 2016**

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

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

SUMMARY

This report provides an update for the Overview and Scrutiny 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 revenue budget for 2016/17.

RECOMMENDATION

It is RECOMMENDED that 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 2015/16, as set out in the report;
2. NOTES a carry forward of £216,000 to 2016/17 for the following forecast revenue budget under spends in 2015/16:
 - Energy & Green Economy: £51,000
 - Culture, Creative Industries & the Built Environment: £15,000
 - Core Projects – Inward Investment: £100,000
 - Contingency Reserve: £50,000;
3. NOTES that the forecast under spends to be carried forward from the 2015/16 budgets into 2016/17 are provisional, and may be subject to change when the final outturn position for 2015/16 is known; and
4. NOTES the proposed interim revenue budget for 2016/17, as set out in the report.

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. The report includes the forecast position to the end of the current financial year, prior to the final outturn being reported to the Joint Committee at its meeting in June.
2. The report also sets out the proposed interim revenue budget allocations for the financial year 2016/17 based on under spends / carry forwards of projects that are contractually committed to conclude next financial year, together with an allocation for central costs. This will form the basis for the final budget which the Joint Committee will be asked to approve at its meeting in June when the final outturn for 2015/16 is confirmed.
3. In June, the Joint Committee will also be asked to consider and approve a revised PUSH Business Plan - 2016/19; which will capture both agreed carry forwards, additional proposals and associated funding requests put forward by the PUSH Delivery Themed Panels from 2016/17 to 2018/19. The process for considering new 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.

RESOURCES

4. Table 1 below sets out the estimated PUSH resources available for 2015/16, together with the funds that have been received as at the end of January 2016.

Table 1: Total Resources Available	2015/16 Budget Approved Dec 15 £000s	2015/16 Actual received to end Jan 16 £000s
<u>Revenue Funds</u>		
Core funding (local authorities)	196	196
Additional funding for SHMA (local authorities)	8	8
Interest on balances	5	0
Income from LEP for PUSH Programme Support	40	27
Underspend c/f from previous year	556	556
Additional resources c/f from previous year	13	13
Sub-Total	818	800
<u>Capital Funds</u>		
Underspend c/f from previous year	214	214
Local Growth Fund to support SRM Projects (x2)	590	385
Sub-Total	804	599
Total Resources	1,622	1,399

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

REVENUE BUDGET

6. Table 2 below, sets out the revised revenue budget for 2015/16. There are two changes to that reported to the Joint Committee in December 2015, as follows:

- (i) £20,000 to fund the Cleantech Cluster Project (from unallocated balances); and
- (ii) £18,000 to fund the Solent Energy Strategy (from unallocated balances).

The table also shows spend in the current financial year to the end of January 2016, the forecast outturn for the year and any carry forward requests.

Table 2 Revenue Allocations	2015/16 Revised Budget	2015/16 Spend to end Jan 16	2015/16 Forecast Outturn	2015/16 Forecast Under/ (Over) Spend	2016/17 Carry Forward Request
	£000s	£000s	£000s	£000s	£000s
Planning & Infrastructure	143	72	143	0	0
Energy & Green Economy	83	23	32	51	51
Culture, Creative Industries and the Built Environment	38	21	23	15	15
European Collaboration Group	7	7	7	0	0
Core Projects & Central Costs	275	92	165	110	100
Contingency Reserve	50	0	0	50	50
Unallocated Balances	222	0	0	222	0
Total	818	215	370	448	216

7. The work of **Planning & Infrastructure Delivery Panel** is progressing as planned. The PUSH Spatial Planning Review is well underway and it is anticipated that a draft spatial document will be presented at the June Joint Committee to seek approval prior to undertaking a public consultation process in the summer. Supporting the Spatial Strategy Document are a range of evidence based studies which have been vital to assessing matters related to environmental protection, objectively assessed housing need, green infrastructure, employment needs, Water capacity/ treatment. Other panel activities nearing completion include the Strategic Flood Risk Assessment Work which is expected to be presented for approval at the June Joint Committee. The Panel also plays a vital role in representing the Solent area's environmental protection interests on the Solent Mitigation and Recreation Partnership (SRMP).

8. Over the past year, the **Energy and Green Economy Delivery Panel** has actively supported the development of the green economy through the Future Solent Partnership. This has now secured over £30m of investment in South Hampshire's green economy since the end of 2012. In the past eighteen months, 65 SMEs have been supported in developing innovative low carbon goods and services with 165 high value jobs having been 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. The work to agree an Energy Strategy for the Solent is now complete and the work on implementing this has begun, with a view to realising the economic and environmental benefits the strategy could deliver.

9. The **Culture, Creative Industries and the Built Environment Delivery Panel** is progressing work against its 3 priorities namely creative industries, design in the Built Environment and the Portsmouth harbour heritage led regeneration project. Creative Network South (CNS) will soon launch a partnership with the Hampshire Chamber of Commerce and Creative United to provide mentoring to creative growth businesses that have been trading for over a year. The CNS website was launched in December 2015 <http://creativenetworksouth.co.uk> The site identifies more than 30 training events targeting creative entrepreneurs between March and July. The Solent Design Awards continues to promote design in the built environment and the awards ceremony for 2016 is due to take place in the autumn. The Portsmouth harbour project is entering its third year and continues to be viewed as a model of good practice by Historic England. A portfolio of 7 projects has been identified for progression. This portfolio may be significantly increased should negotiations with the MOD for the release of sites prove successful.
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.
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. 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.
12. A much reduced **Contingency Reserve** of £50,000 for 2015/16 was set primarily to fund potential termination costs should such circumstances arise.
13. There were **Unallocated Balances** of £260,000, which have been reduced to £222,000 following the changes set out in paragraph 6. As PUSH funding in future years will be much more limited than in the past, it was proposed that the Unallocated Balances will be used to support activities in 2016/17, unless projects came forward during 2015/16 with a compelling business case.

CAPITAL BUDGET

14. Table 3, below, sets out the capital budget for 2015/16 as approved by the Joint Committee in June 2015. The table also shows spend in the current financial year to the end of January 2016 and the forecast outturn for the year.

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

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	2015/16	2015/16	2015/16	2015/16
	Approved Budget	Spend to end Jan 16	Forecast Outturn	Forecast Under/ (Over) Spend
	£000s	£000s	£000s	£000s
Alver Valley Project	50	50	50	0
Total	50	50	50	0

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

ENERGY & GREEN ECONOMY

17. There are currently no capital projects within this delivery panel.

CULTURE, CREATIVE INDUSTRIES & THE BUILT ENVIRONMENT

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

18. 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.

19. The **Cell Block Enterprise (CBE) Scheme** is now complete 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.

LOCAL GROWTH DEAL

20. In addition to the projects with funding carried forward from 2014/15, PUSH secured funding of £590,000 in 2015/16, as part of the Solent LEP Local Growth Deal, for two projects to create and enhance publicly accessible greenspaces, as part of the Solent Recreation Mitigation Project (SRMP). The detailed allocations to projects are set out in table 4 below. The total £385,000 grant allocation for the Manor Farm scheme was claimed in quarter 2 of this year. This project was for the purchase of land adjacent to the existing Country Park in Hamble, prior to the establishment of public access. A contribution of £26,000 towards the Alver Valley project was claimed in quarter 3 of 2015/16. It is anticipated that the remaining grant funding will be claimed in quarter 4 of 2015/16, as that project to provide public car parks proceeds.

Table 4 Capital Allocations:	2015/16	2015/16	2015/16	2015/16
Solent Recreation Mitigation project	Approved Budget	Spend to end Jan 16	Forecast Outturn	Forecast Under/ (Over) spend
	£000s	£000s	£000s	£000s
Alver Valley Country Park	205	26	205	0
Manor Farm Country Park	385	327	385	0
Total	590	353	590	0

2016/17 INTERIM BUDGET

21. 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 2017, 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. This will take account of both existing and new projects/activities which Delivery Panels deem are priorities during 2016/17.
22. The following interim revenue allocations take into account schemes that are currently underway and contractually committed to conclude in 2016/17. This proposed interim budget does not include the full forecast underspend or partner authorities 2015/16 financial contributions. These will be included in the final budget presented to the Joint Committee at its meeting in June.

Table 5b Interim revenue allocations	£000s
Planning & Infrastructure	8
Energy & Green Economy	51
Culture, Creative Industries & the Built Environment	15
European Collaboration Group	7
Core Projects & Central Costs	223
Contingency Reserve	50
Total	354

AUDIT OF 2015/16 ACCOUNTS

23. In the June 2015 Budget Monitoring Report 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 will 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. Therefore, any expenditure overseen by joint committees is only subject to statutory audit as part of the main accounts of their constituent bodies. However, it is still intended that arrangements will be made for the audit of the accounts of the PUSH Joint Committee outside the provisions of the 2014 Act. This is essential to ensure that an effective financial and governance framework is maintained for the joint committee and the funds that they control. A budget for this audit work has been included in the central cost revenue allocation in table 5b above.

CONCLUSION

It is recommended that 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 2015/16, as set out in the report;
2. NOTES a carry forward of £216,000 to 2016/17 for the following forecast revenue budget under spends in 2015/16:
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3. NOTES that the forecast under spend to be carried forward from the 2015/16 budgets into 2016/17 are provisional, and may be subject to change when the final outturn position for 2015/16 is known; and
4. NOTES the proposed interim revenue budgets for 2016/17, as set out in the report.

Background Papers:

Joint Committee 9 December 2015 – Item 8: Capital and Revenue Budget Monitoring 2015/16

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