



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

Date: **5 February 2013**

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

Subject: **Capital and Revenue Budget Monitoring 2012/13**

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

The 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 budgetary provision of £125,000 made this financial year to the Solent LEP as agreed at the June Joint Committee to be carried forward into the next financial year 2013/14.

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 September 2013.
3. In previous years, the Capital and Revenue Monitoring Report for January 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 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 2013/14.

RESOURCES

4. Table 1, below, shows the estimated PUSH resources available for 2012/13, and funds that have been received to end of December 2012.

Table 1: Total Resources Available	2012/13 Budget Approved Jun-12 £000s	2012/13 Budget Approved Dec-12 £000s	2012/13 Revised Budget Jan-13 £000s	2012/13 Received to end Dec-12 £000s
Revenue Funds				
Core funding (local authorities)	303	303	303	303
CLG Transitional Fund	-	-	-	-
New Growth Point (revenue)	-	-	-	-
Interest on balances	2	2	2	-
Other local authority funding	54	39	39	38
Carry forward from previous year	825	825	825	825
Underspend from previous year	158	158	158	158
Virement to Capital	(5)	(5)	(5)	(5)
Sub-Total	1,337	1,322	1,322	1,319
Capital Funds				
New Growth Point (capital)	-	-	-	-
Carry forward from previous year	1,447	1,447	1,447	1,447
Underspend from previous year	11	11	11	11
Virement from Revenue	5	5	5	5
Sub-Total	1,463	1,463	1,463	1,463
Total Resources	2,800	2,785	2,785	2,782

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

REVENUE BUDGET

6. Table 2, below, sets out the revenue budgets for 2012/13 as approved by the Joint Committee in December 2012 and the proposed revised budgets as at January 2013. The table also shows spend in the current financial year to the end of December and the forecast outturn for the year which would result in a forecast under spend of £917K.

Table 2: Revenue Allocations	2012/13 Budget Approved Jun-12 £000s	2012/13 Budget Approved Dec-12 £000s	2012/13 Revised Budget Jan-13 £000s	2012/13 Spend to end Dec-12 £000s	2012/13 Forecast Outturn £000s
Economic Development	260	265	265	13	82
Sustainability & Community Infrastructure	8	71	71	6	12
Housing & Planning	186	186	186	66	66
Quality Places	10	31	31	9	25
External Funding & Resources	55	65	65	3	3
Central Costs	385	379	379	121	217
LEP Contribution	125	125	125	-	-
Contingency Reserve	200	200	200	-	-
Unallocated Balance	108	-	-	-	-
Total	1,337	1,322	1,322	218	405

7. The **Economic Development** delivery panel has made commitments that are not expected to be completed this financial year and are therefore likely to require a carry forward to 2013/14. Following the transfer of responsibility for the Employment & Skills Board (ESB) to the LEP, the delivery panel has made a commitment of £45K to support the work of the board which is likely to require a carry forward request. In addition, a further carry forward request of £50K is expected to fund the Pre-Apprenticeship Scheme project. At the time of writing this report, the delivery panel have not confirmed any further commitments against the remaining forecast underspend for this year of £88K.
8. The work of the **Sustainability and Community Infrastructure** delivery panel continues to gain momentum in relation to the delivery of the Solent Low Carbon Initiative and Green Infrastructure Implementation Framework projects. Much of the Panel's allocated budget is committed to taking forward these activities and it is expected to require a carry forward to 2013/14 of its total forecast underspend for this year of £59K.
9. Much of the work of the **Housing and Planning** delivery panel has centred on the South Hampshire Strategy and the Annual Housing Monitoring Report, both of which have now concluded. There are currently no plans for further expenditure or commitments this financial year, and therefore an underspend of £120K is expected, with no carry forward requirements.
10. The **Quality Places** delivery panel have to date successfully delivered a number of initiatives including the Youth Voice project and the Creative Network South launched in October 2012. The Creative Network South has been established as a partnership to support creative industry development in the Solent and M3 LEP areas and to oversee the implementation of a portfolio of projects, including a

cultural apprenticeships programme. The delivery panel is expected to spend most of its allocated budget this financial year with the exception of the £6K budget, endorsed at the December Joint Committee, to take forward the English Heritage / Portsmouth Harbour project. A carry forward of £6K will therefore be required to enable this project to be delivered in 2013/14.

11. The **External Funding** delivery panel have met less frequently this financial year in the recognition that most external funding opportunities are being directed at, and/or explored by the Solent LEP. Coupled with the emerging City Deal Agenda, the delivery panel is aware that it now plays less of a role in seeking external funding given that its business priorities as outlined in the current PUSH Business Plan have since been superseded by national policies and events. The delivery panel has a total revenue budget of £65K of which £50K has been earmarked to support the development of a Tax Increment Financing (TIF) model. However, at the time of writing this report, no confirmation of any contractual commitment that would necessitate a carry forward had been received from the delivery panel. Consequently, the remaining forecast underspend of £15K will return to PUSH balances.
12. The **Central Costs** budget for 2012/13 reflects commitments against core costs relating to staffing and other ongoing revenue based activities including the emerging City Deal Agenda. Since the last Joint Committee, PUSH has received reimbursement from the Solent LEP of £18K for staffing support for the period April to October 2012. Further reimbursement of approximately £10K is anticipated to cover PUSH support provided in developing the Enterprise Zone Skills Plan and due diligence work on the Regional Growth Fund round 2.
13. At its meeting in June, the Joint Committee approved a **LEP Contribution** of £125K in total to support the Solent LEP over the three year period to 2014/15. Therefore the January Joint Committee meeting is being recommended to agree that budgetary provision is made to transfer the previously agreed funding to the Solent LEP in financial year 2013/14.
14. The **Contingency Reserve** of £200K for 2012/13 was set at approximately 7% of expected total turnover.

CAPITAL BUDGET

15. Table 3, below, sets out the capital budgets for 2012/13 as approved by the Joint Committee in December 2012 and the proposed revised budgets as at January 2013. 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 under spend of £1,006K.

Table 3: Capital Allocations	2012/13 Budget Approved Jun-12 £000s	2012/13 Budget Approved Dec-12 £000s	2012/13 Revised Budget Jan-13 £000s	2012/13 Spend to end Dec-12 £000s	2012/13 Forecast Outturn £000s
Economic Development	733	476	476	204	220
Sustainability & Community Infrastructure	-	-	-	-	-
Housing & Planning	176	176	176	165	165
Quality Places	500	500	500	-	-
Programme Manager	54	126	126	35	72
Unallocated Balance	-	185	185	-	-
Total	1,463	1,463	1,463	404	457

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

ECONOMIC DEVELOPMENT

Table 4a Capital Allocations: Economic Development	2012/13 Budget Approved Jun-12 £000s	2012/13 Budget Approved Dec-12 £000s	2012/13 Revised Budget Jan-13 £000s	2012/13 Spend to end Dec-12 £000s	2012/13 Forecast Outturn £000s
Eastleigh River Side	107	50	50	-	-
Dunsbury Hill Farm	19	19	19	19	19
HCA Sites and Regeneration	382	182	182	7	7
Sorting Office Studios	150	150	150	149	150
Gosport Waterfront	15	15	15	-	-
Programme Manager Infrastructure & Development	60	60	60	29	44
Total	733	476	476	204	220

17. There is little further to report on the **Eastleigh Riverside** project.. Whilst the delivery panel anticipate spending the allocated balance on proposed activities this financial year, there are currently no contractual commitments in place that would require a carry forward of funds to 2013/14. Consequently, the remaining forecast under spend of £50K will return to PUSH balances.
18. In relation to the **Dunsbury Hill Farm** project, the work funded by PUSH in support of submitting the planning application concluded in March 2011. However, subsequent to public consultation, a number of issues related to transport and environmental impact assessment emerged which are currently being addressed by the respective project team and Local Planning Authority. It is expected that a resubmission of the planning application will be made in the spring of 2013 allowing enough time for the issues to be resolved. PUSH has not made any commitments to further support this project.
19. Spend to date on the **Homes and Communities Agency (HCA) Sites and Regeneration** project reflects the fact that little progress has been made on the Stewardship Agreement pending HCA's decision at a national level to put a number of such agreements in place including that for PUSH. Whilst the allocated balance has been earmarked to undertake further work related to key

HCA sites, at the time of writing this report there has been no confirmation from the delivery panel of any further contractual commitments against the remaining balance of £175K.

20. The **Sorting Office Studios** project is progressing as planned and will conclude this financial year. An official launch of the scheme is planned for January 2013.
21. The lead authority for the **Gosport Waterfront** project has advised that it no longer requires the PUSH allocated funding of £15K.
22. The **Programme Manager (Infrastructure & Development)** transferred to the Solent LEP last month and will not be replaced in this financial year, therefore an underspend of £16K is expected this financial year.

HOUSING AND PLANNING

Table 4b Capital Allocations: Housing and Planning	2012/13 Budget Approved Jun-12 £000s	2012/13 Budget Approved Dec-12 £000s	2012/13 Revised Budget Jan-13 £000s	2012/13 Spend to end Dec-12 £000s	2012/13 Forecast Outturn £000s
North Rowner	176	176	176	165	165
Total	176	176	176	165	165

23. The **North Rowner** project concluded in September 2012 as planned, and the project underspent by £11K.

QUALITY PLACES

Table 4c Capital Allocations: Quality Places	2012/13 Budget Approved Jun-12 £000s	2012/13 Budget Approved Dec-12 £000s	2012/13 Revised Budget Jan-13 £000s	2012/13 Spend to end Dec-12 £000s	2012/13 Forecast Outturn £000s
Portsmouth Creative Industries	500	500	500	-	-
Total	500	500	500	-	-

24. Further to approval at the October Joint Committee, the **Portsmouth Creative Industries** project is progressing as planned and is due to commence on site by 20th February 2013. A carry forward will be required into 2013/14 to enable completion of the element of the project that is funded by PUSH.

PROGRAMME MANAGEMENT

Table 4d Capital Allocations: Programme Management	2012/13 Budget Approved Jun-12 £000s	2012/13 Budget Approved Dec-12 £000s	2012/13 Revised Budget Jan-13 £000s	2012/13 Spend to end Dec-12 £000s	2012/13 Forecast Outturn £000s
Programme Manager	54	126	126	35	72
Unallocated Balance	-	185	185	-	-
Total	54	311	311	35	72

25. At its meeting in December, the Joint Committee agreed to increase the budget for **Programme and Information Manager** by £72K to reflect the extension of contract for the Programme and Information Manager from 31st December 2012 to 31st December 2013 as agreed at the October Joint Committee.
26. At its meeting in December, the Joint Committee agreed to delegate authority to the Interim Executive Lead and Chief Executives to invite bids from Delivery Panels to support capital projects from the **Unallocated Capital Balance**. These capital projects are likely to require a carry forward of funds to 2013/14. A total of 11 bids were submitted. Given the Chief Executives were not due to meet to assess the bids until after the finalisation of this report, their conclusions will be reported verbally at this meeting. There will however, be an opportunity to consider any unsuccessful bids for inclusion in the 2013/14 capital programme, once the level of funding is known.

CONCLUSION

This Committee is recommended to:-

27. NOTE the spend for the year to date and the forecast outturn for the year as set out in the report.
28. NOTE the budgetary provision of £125,000 made this financial year to the Solent LEP as agreed at the June Joint Committee to be carried forward into the next financial year 2013/14.

Background Papers:

Joint Committee 4 December 2012 – Item 9: Capital and Revenue Budget Monitoring 2012/13

Enquiries:

For further information on this report please contact:

Andrew Lowe, Chief Financial Officer
T: 023 8083 2049
E: andrew.lowe@southampton.gov.uk

David Wilkes, Finance Manager
T: 023 8083 2357
E: david.wilkes@southampton.gov.uk

Gloria Ighodaro, Programme and Information Manager, PUSH
T: 023 9268 8920
E: gloria.ighodaro@push.gov.uk