



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

Date: 19 December 2017

Report of: Mel Creighton, Chief Financial Officer and Paddy May, PUSH Interim Co-ordinator

Subject: Capital and Revenue Budget Monitoring 2017/18

SUMMARY

This report provides an update for the Committee on progress to date against the revenue and capital programmes for the current financial year. It also notes the conclusion of the audit on the 2016/17 Statement of Accounts.

RECOMMENDATIONS

It is RECOMMENDED that the Overview and Scrutiny Committee: -

1. NOTES the spend for the year to date against the capital and revenue budgets for 2017/18, as set out in this report;
2. NOTES the conclusion of the audit on the 2016/17 Statement of Accounts; and
3. NOTES that with reduced expenditure and the current level of reserves it is recommended that PUSH has another subscription holiday for 2018-19 although there may well be a requirement to ask for in-year contributions, across the PUSH authorities, to support any work that PUSH will be required to do on housing in response to the Government's emerging requirements. (see paragraph 11)

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 notes the conclusion of the audit on the 2016/17 Statement of Accounts.

RESOURCES

2. Table 1 below shows the estimated PUSH resources available for 2017/18, which include the actual income received for this financial year and under spends from 2016/17. The totals for capital and revenue resources are the control totals for the respective budgets.

| Table 1: Total Resources Available | 2017/18 Original Budget June 17 £000s | 2017/18 Revised Budget Dec 17 £000s | 2017/18 Actual received to end Oct 17 £000s |
|---|--|--|--|
| <u>Revenue Funds</u> | | | |
| Core funding (local authorities) | 0 | 0 | 0 |
| Interest on balances | 3 | 3 | 0 |
| Underspend c/f from previous year | 500 | 500 | 500 |
| Sub-Total | 503 | 503 | 500 |
| <u>Capital Funds</u> | | | |
| Local Growth Fund to support SRM Projects | 679 | 679 | 679 |
| Sub-Total | 679 | 679 | 679 |
| Total Resources | 1,182 | 1,182 | 1,179 |

REVENUE BUDGET

3. Table 2 below, sets out the revenue budgets for 2017/18, as approved by the Joint Committee in June 2017 and spend in the current financial year to the end of October.

| Table 2 Revenue Allocations | 2017/18 Original Budget June 17 £000s | 2017/18 Revised Budget Dec 17 £000s | 2017/18 Spend to end Oct 2017 £000s |
|--|--|--|--|
| Planning & Infrastructure | 68 | 68 | 12 |
| Energy & Green Economy | 44 | 44 | 0 |
| Culture, Creative Industries and the Built Environment | 42 | 42 | 10 |
| European Collaboration Group | 7 | 7 | 7 |
| Core Projects & Central Costs | 76 | 76 | 25 |
| Unallocated Balances | 266 | 266 | 0 |
| Total | 503 | 503 | 54 |

4. The work of the **Planning & Infrastructure Delivery Panel** is progressing as planned. The Solent Recreation Mitigation Partnership's Final Definitive Strategy is currently being finalised after going out for consultation. The Integrated Water Management Study is currently at its final stages. This study aims to assess whether proposed housing growth to 2036 would have a significant impact on the water environment as part of the evidence base for Local Plans. It considers the impacts on water resources, water quality, and for waste water treatment works and sewer network capacity. A final report is underway but has been delayed slightly by the tackling of issues proposed by the Environment Agency and Natural England. The Air Quality Study is too nearing its completion. The study will assess baseline and future year traffic-related pollution on European ecology sites within and beyond the study area as a result of the proposed development and growth within the sub-region. The final draft should be completed in the New Year.
5. The **Energy and Green Economy Delivery Panel** continues to make good progress on its planned activities. Future South has continued to make progress despite some significant funding challenges over the last 12 months. Whilst the partnership is very grateful to the support it received from PUSH, larger and more sustainable funding is required to take the work around the low carbon economy further. The existence of Greentech South continues to support low carbon business in the region, with a membership standing at 165. Greentech South was invited to join the International Cleantech Network (ICN) which has given it status across Europe and links to other companies and supply chains that considerably benefit the PUSH region. Unfortunately the Partnership has not been able to secure funding for a second year's membership (£10,000) so it is not clear at the moment whether this is a benefit that will continue. The Energy Strategy work has been focused on the themes outlined in a summary business case document that was developed to focus action and investment across the Solent region. Successful lobbying of BEIS by the partnership led to the release of significant development funding for further energy strategy development for the Solent region and this is being administered by the Solent LEP. Despite a desire expressed by BEIS to see this funding supporting the exiting energy strategy work that Future South has developed, the LEP has decided to put the process out to tender. Although Future South will bid for this work, there is no guarantee at all that the LEP will allocate this work to the partnership. The newly created Hampshire Community Bank is to help secure a strong and sustainable local economy. It will operate with a focus on Hampshire and in time will provide a full range of banking services to individuals, businesses and social enterprises within the County. The Bank will be wholly owned and controlled by a charitable foundation (the Hampshire Community Bank Foundation). In order to obtain sufficient liquidity the Bank has issued shares to the value of £7M to organisations. The Bank intends to issue a 7% return to early investors via dividends on the shares for 10 years.
6. The **Culture, Creative Industries and the Built Environment Delivery Panel** is continuing to progress its work programme in relation to its priorities. The Creative Network South (CNS) website is being redeveloped in anticipation of the launch of the new Solent Creative Industries Prospectus, which has been prepared in order raise awareness of the contribution Creative and Digital Businesses make to the Solent Economy. CNS is also working with Mayflower 400 Digital Group and Artswork to develop proposals for an initiative to promote digital apprenticeship opportunities and with Southampton City Council to develop a Creative Industries specific business advice service. Eastleigh Borough Council has been commissioned to produce a series of design guidance bulletins, the first of which focuses on trees in housing developments. Fundraising has begun for the 2018 Solent design awards. Nominations for the awards will open in summer 2018 and the presentations will take place November 2018.

7. 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.
8. The **Core Projects & Central Costs** budget reflects commitments relating to staffing costs and other ongoing revenue activities led by the PUSH central team.
9. The **Contingency Reserve** balance of £25,000 at the end of 2016/17 is not required in 2017/18 and has now been transferred to Unallocated Balances.
10. The **Unallocated Balance** is £266,100 and includes £25k previously set aside as a Contingency Reserve for termination costs that are no longer required. It is proposed that the Unallocated Balances will be used to support activities in 2018/19, unless projects come forward during 2017/18 with a compelling business case. A subscription holiday in 2017/18 was agreed by the Joint Committee in October 2016.
11. A **Subscription Holiday in 2018/19** is recommended as there are sufficient funds within the unallocated balance reserve to meet the needs of the core activities anticipated for 2018/19 and also allow some limited support for new projects / initiatives. The effect on the unallocated balance reserve for 2018/19 is shown below.

| Unallocated Balances | |
|-------------------------------|--------------|
| 2017/18 | £000s |
| Unallocated Balance | 266 |
| 2018/19 | |
| Funding Required (Estimate) | 237 |
| Remaining Unallocated Balance | 29 |

CAPITAL BUDGET

12. All capital schemes are part of the Local Growth Deal programme.

LOCAL GROWTH DEAL

13. PUSH secured funding of £765,000 in 2016/17, as part of the Solent LEP Local Growth Deal, for projects to create and enhance publically accessible greenspaces, as part of the Solent Recreation Mitigation Project (SRMP). Of this allocation, £679k was c/f to 2017/18 and the detailed project allocations are set out in table 3 below.

| Table 3 Capital Allocations: | 2017/18 | 2017/18 | 2017/18 |
|---|--------------------------------|------------------------------|------------------------------|
| Solent Recreation Mitigation project | Original Budget June 17 | Revised Budget Dec 17 | Spend to end Oct 2017 |
| | £000s | £000s | £000s |
| Horsea Island, Portsmouth | 304 | 304 | 13 |
| Manor House Farm (or alternative projects) | 375 | 375 | 0 |
| Total | 679 | 679 | 13 |

2016/17 STATEMENT OF ACCOUNTS

14. The Statement of Accounts for the 2016/17 financial year was approved by Joint Committee in June 2017. The June meeting also noted that an internal audit report issued substantial assurance in the effectiveness of the framework of risk management, control and governance and identified no issues requiring management action.
15. The external auditors have now provided an External Report for the financial year 2016/17 Certificate applicable to the agreed-upon-procedures. This sets out the work that was undertaken on the Joint Committee's return for the financial year ended 31 March 2017 and concludes that 'no exceptions were found'. The certified return has been published on the PUSH website.

CONCLUSION

It is RECOMMENDED that the Overview and Scrutiny Committee: -

1. NOTES the spend for the year to date against the capital and revenue budgets for 2017/18, as set out in this report;
2. NOTES the conclusion of the audit on the 2016/17 Statement of Accounts; and
3. NOTES that with reduced expenditure and the current level of reserves it is recommended that PUSH has another subscription holiday for 2018-19 although there may well be a requirement to ask for in-year contributions, across the PUSH authorities, to support any work that PUSH will be required to do on housing in response to the Government's emerging requirements. (see paragraph 11)

Appendices: None

Background Papers: Joint Committee 27 June 2017 – [Item 9](#): Capital and Revenue Budget Monitoring 2016/17 and Capital and Revenue Budgets 2017/18.

Enquiries:

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