



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

Date: **10 September 2013**

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

Subject: **Capital and Revenue Budget Monitoring 2012/13 and Capital and Revenue Budgets 2013/14**

## **SUMMARY**

This report summarises the outturn against the budget for the financial year 2012/13. This report also updates the proposed capital and revenue budgets for 2013/14, on the basis of the anticipated level of resources available and the priorities for PUSH.

## **RECOMMENDATION**

The Overview and Scrutiny Committee is recommended to:-

1. **NOTE** the outturn for the financial year 2012/13.
2. **NOTE** the capital and revenue budgets for 2013/14 as set out in the report, including the proposed level of contributions from partner authorities.

## INTRODUCTION

1. This report sets out the final outturn expenditure position against the capital and revenue budgets for 2012/13, and the agreed revenue budgets and capital allocations for the financial year 2013/14.

## RESOURCES

2. Table 1 below shows the estimated PUSH resources available for 2012/13, the actual income received in 2012/13 and the expected resources available for 2013/14.
3. The expected resources for the financial year 2013/14 are the expected partner contributions, the revenue and capital under spends carried forward from 2012/13, and the expected interest on balances held by SCC on behalf of PUSH.
4. The totals for capital and revenue resources are the control totals for the budgets detailed below.

<b><u>Table 1: Total Resources Available</u></b>	2012/13 Budget Approved Mar-13 £000s	2012/13 Actual received to end Mar-13 £000s	2013/14 Proposed Budget Jun-13 £000s
<b><u>Revenue Funds</u></b>			
Core funding (local authorities)	303	303	162
Interest on balances	2	13	5
Other local authority funding	39	39	39
Carry forward from previous year	825	825	333
Underspend from previous year	158	158	603
Virement to Capital	(5)	(5)	-
<b>Sub-Total</b>	<b>1,322</b>	<b>1,333</b>	<b>1,142</b>
<b><u>Capital Funds</u></b>			
Carry forward from previous year	1,447	1,447	720
Underspend from previous year	11	11	281
Virement from Revenue	5	5	-
<b>Sub-Total</b>	<b>1,463</b>	<b>1,463</b>	<b>1,001</b>
<b>Total Resources</b>	<b>2,785</b>	<b>2,796</b>	<b>2,143</b>

5. The actual interest on balances was higher than budgeted in 2012/13 because balances have been higher during the year as a consequence of capital spend through the year being less than expected.
6. In accordance with the conclusions of the Leaders and Chief Executives workshop 26<sup>th</sup> March 2013, it is agreed that Partner Contributions for 2013/14 be significantly reduced resulting in a total contribution of £162,000.
7. Following the agreement of the Joint Committee at its January 2012 meeting to adopt the draft prospectus for Inward Investment, PUSH authorities made contributions during 2012/13 towards the cost of running the inward investment

service which were additional to their contributions to PUSH. These contributions totalling £39,000 are included in Table 1 above as 'other local authority funding'. It is agreed that authorities should maintain these contributions in 2013/14 and that PUSH will continue to collect and administer these funds on behalf of the Inward Investment service.

## FINAL OUTTURN 2012/13 - REVENUE

8. Table 2 below sets out the revenue budget for 2012/13 as approved by the Joint Committee in March 2013 (column 2), the forecast outturn expenditure for the financial year 2012/13 which was reported to the March Joint Committee meeting (column 3) and the actual outturn (column 4).

<b>Table 2 Revenue Allocations</b>	2012/13 Budget Approved Mar-13 £000s	2012/13 Forecast Outturn Mar-13 £000s	2012/13 Actual Outturn £000s	2012/13 Over / (Under) Spend £000s
Economic Development	265	82	63	(202)
Sustainability & Community Infrastructure	71	14	28	(43)
Housing & Planning	186	66	67	(119)
Quality Places	31	25	25	(6)
External Funding & Resources	65	3	6	(59)
Central Costs	379	219	197	(182)
LEP Contribution	125	-	-	(125)
Contingency Reserve	200	-	-	(200)
Unallocated Balances	-	-	-	-
<b>Total</b>	<b>1,322</b>	<b>409</b>	<b>386</b>	<b>(936)</b>

9. Inward Investment and Employment and Skills (ESB) remain key business priorities for the **Economic Development** delivery panel. The process of recruiting an ESB co-ordinator to support the ESB Board in delivering the Skills agenda is underway as well as the development of the ESB website. The South Hampshire and IOW Inward Investment Board is continuing to review operational arrangements for delivering inward investment matters and is moving towards the creation of a team that makes better use of existing public sector resources and the ability to attract additional funding. In addition, a new project is being developed with the UKTI aimed at increasing international profile for the area's marine sector. The pre-apprenticeship scheme is also progressing as planned. PUSH is currently working with a number of local training providers within the two Cities which has to date created job placements for 18 young people in various business environments including retail, business and administration. It is anticipated that 70 young people will be placed in pre-apprenticeship training by the end of the initiative.
10. Many of the planned activities under the responsibility of the **Sustainability and Community Infrastructure** delivery panel are well underway. Progress to date includes the launch of the Future Solent website which identifies the vision and proposed programme of works towards a low carbon economy in the Solent area. Proposed activities include environmental technologies and services hubs,

Solent Green Deal Scheme and the development of a Solent Energy Strategy. Resources from PUSH, Hampshire Chamber of Commerce and other key businesses continue to play a vital role in getting these initiatives underway. Since the adoption of the Green Deal Implementation Framework in October 2012, nine out of the thirteen identified sub-regional projects have progressed further. These schemes now have identified PUSH local authorities lead and in some cases additional funding has been secured from external sources to enable delivery.

11. Under the **Housing and Planning** delivery theme, much of the planned revenue activity was completed in October 2012. Going forward, the panel have identified a number of activities as outlined in the PUSH Business Plan for 2013/14. These activities include commissioning the Strategic Housing Market Assessment and the roll forward and delivery of the South Hampshire Strategy.
12. The **Quality Places** delivery panel have to date led and delivered a number of projects which have been complemented by additional resources secured from external partners. Key achievements in 2012/13 include the development of a toolkit to engage young people in the debate about spatial planning which recently won first place in the Public Sector Category of the 2013 National Urban Design Awards. Other activities supported in financial year 2012/13 include the Creative Network South, the 'Hampshire and South Hampshire Culture Infrastructure Study' and the various activities championed by PUSH under the theme of the design in the built environment.
13. The respective PUSH partners under the **External Funding** delivery theme no longer meet as a panel, but the previously identified priority to fund financial analysis in support of the City Deal remains and is a project in the 2013/14 Business Plan.
14. The **Central Costs** budget for 2012/13 reflects commitments relating to staffing and other ongoing revenue based activities which included supporting the City Deal. PUSH in partnership with the Solent LEP recently commissioned Centre for Cities to facilitate two City Deal workshops and to compile an independent report entitled: 'Anchoring Growth – An economic assessment of the Solent area'. This work has now concluded and the final report was published on the PUSH website on 8<sup>th</sup> May 2013.
15. At its meeting in June 2012, the Joint Committee approved a **LEP Contribution** of £125K in total to support the Solent LEP over the three year period to 2014/15. It is planned that this funding will be drawn down by the LEP in 2013/14.
16. The **Contingency Reserve** of £200K for 2012/13 was set at approximately 7% of expected total turnover. A reduced contingency reserve is agreed for 2013/14 to reflect a much streamlined PUSH.

## FINAL OUTTURN 2012/13 - CAPITAL

17. Table 3 below sets out the capital budget for 2012/13 as approved by the Joint Committee in March 2012 (column 2), the forecast outturn spend for the financial year 2012/13 which was reported to the March Joint Committee meeting (column 3) and the actual outturn (column 4).

<b>Table 3: Capital Allocations</b>	2012/13 Budget Approved Mar-13 £000s	2012/13 Forecast Outturn Mar-13 £000s	2012/13 Actual Outturn £000s	2012/13 Over / (Under) Spend £000s
Economic Development	536	226	227	(309)
Sustainability & Community Infrastructure	-	-	-	-
Housing & Planning	176	165	165	(11)
Quality Places	606	-	-	(606)
Programme Manager	126	72	70	(56)
Unallocated Balance	19	-	-	(19)
<b>Total</b>	<b>1,463</b>	<b>463</b>	<b>462</b>	<b>(1,001)</b>

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

### ECONOMIC DEVELOPMENT

<b>Table 4a Capital Allocations: Economic Development</b>	2012/13 Budget Approved Mar-13 £000s	2012/13 Forecast Outturn Mar-13 £000s	2012/13 Actual Outturn £000s	2012/13 Over / (Under) Spend £000s
Eastleigh River Side	50	-	-	(50)
Dunsbury Hill Farm	19	19	19	-
HCA Sites and Regeneration	182	15	15	(167)
Sorting Office Studios	150	150	150	-
Gosport Waterfront	15	-	-	(15)
Eastleigh Creative Hub	60	-	-	(60)
Programme Manager Infrastructure & Development	60	42	43	(17)
<b>Total</b>	<b>536</b>	<b>226</b>	<b>227</b>	<b>(309)</b>

19. Towards the end of 2012/13 financial year, a number of the projects outlined above (**Eastleigh Riverside, Dunsbury Hill Farm, Gosport Waterfront** and the **HCA Sites and Regeneration**) were ended with no further expenditure to be funded by PUSH.

20. The **Sorting Office Studios** project completed in February 2013 and a launch event took place on 10<sup>th</sup> May 2013 to which the PUSH Chairman was invited. The scheme has to date leased a total of 14 of a possible 20 workspaces to graduate start-up businesses and developing firms with the remaining spaces anticipated to be filled in due course.
21. The **Eastleigh Creative Hub** project remains a commitment for delivery in 2013/14.
22. The **Programme Manager (Infrastructure & Development)** transferred to the Solent LEP in January 2013 resulting in an underspend of £17K.

## HOUSING AND PLANNING

<b><u>Table 4c Capital Allocations: Housing and Planning</u></b>	2012/13 Budget Approved Mar-13 £000s	2012/13 Forecast Outturn Mar-13 £000s	2012/13 Actual Outturn £000s	2012/13 Over / (Under) Spend £000s
North Rowner	176	165	165	(11)
<b>Total</b>	<b>176</b>	<b>165</b>	<b>165</b>	<b>(11)</b>

23. The **North Rowner** project concluded in September 2012 as planned.

## QUALITY PLACES

<b><u>Table 4d Capital Allocations: Quality Places</u></b>	2012/13 Budget Approved Mar-13 £000s	2012/13 Forecast Outturn Mar-13 £000s	2012/13 Actual Outturn £000s	2012/13 Over / (Under) Spend £000s
Portsmouth Creative Industries	500	-	-	(500)
Creative Apprenticeship Programme - Artwork	16	-	-	(16)
Progressive Studios - ASPACE	50	-	-	(50)
Portsmouth CC ARTches	40	-	-	(40)
<b>Total</b>	<b>606</b>	<b>-</b>	<b>-</b>	<b>(606)</b>

24. The **Portsmouth Creative Industries** project is progressing as planned. Construction has now commenced and the project is anticipated to conclude summer 2014. This project will provide space for a new Portsmouth University creative campus as well as the development, in association with the New Theatre Royal, of an innovative creation space to support talent development and entrepreneurship in the performing arts sector.

25. The other three projects identified in table 4c above have now commenced and are expected to conclude by December 2013.

#### PROGRAMME MANAGEMENT / UNALLOCATED BALANCES

<b>Table 4e Capital Allocations: Programme Management</b>	2012/13 Budget Approved Mar-13 £000s	2012/13 Forecast Outturn Mar-13 £000s	2012/13 Actual Outturn £000s	2012/13 Over / (Under) Spend £000s
Programme Manager	126	72	70	(56)
Unallocated Balances	19	-	-	(19)
<b>Total</b>	<b>145</b>	<b>72</b>	<b>70</b>	<b>(56)</b>

26. The budget allocation for **Programme and Information Manager** reflects a previous Joint Committee decision to extend the post to December 2013.

#### PROPOSED BUDGET 2013/14 - REVENUE

27. The following revenue allocations are agreed for 2013/14. For further details of each of these activities, please refer to the Business Plan for 2013/14. 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 2014/15 unless projects come forward during 2013/14 with a compelling business case. The Contingency Reserve has been set aside primarily to fund termination costs should PUSH be discontinued.

<b>Revenue Allocations</b>	£000s
Economic Development	246
Sustainability & Community Infrastructure	100
Housing & Planning	160
Quality Places	30
LEP Contribution	125
Other core projects and central costs	195
Contingency Reserve	50
Unallocated Balances	236
<b>Total</b>	<b>1,142</b>

#### PROPOSED BUDGET 2013/14 - CAPITAL

28. The following capital allocations are agreed for 2013/14. For further details of each of these projects, please refer to the Business Plan for 2013/14. It is expected that all of these projects will be delivered in 2013/14, after which PUSH does not anticipate receiving any further funding to support further capital projects.

<b>Capital Allocations:</b>	<b>£000s</b>
Eastleigh Creative Hub	60
Hayling Island Access Trails	60
Portsmouth Creative Industries	500
Creative Apprenticeship Programme - Artwork	16
Progressive Studios - ASPACE	50
Portsmouth CC ARTches	40
Gosport Town Centre	85
Cell Block Enterprise	49
Southampton Northern Quarter	86
Programme Manager	54
Unallocated Balances	1
<b>Total</b>	<b>1,001</b>

## **CONCLUSION**

This Committee is recommended to:-

29. NOTE the outturn for the financial year 2012/13.
30. NOTE the capital and revenue budgets for 2013/14 as set out in the report, including the proposed level of contributions from partner authorities.

## **Background Papers:**

Joint Committee 26 March 2013 – Item 10: Capital and Revenue Budget Monitoring 2012/13

## **Enquiries:**

For further information on this report please contact:

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