



Report to the Partnership for Urban South Hampshire Joint Committee

Date: **25 March 2014**

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

Subject: **Capital and Revenue Budget Monitoring 2013/14 and Proposed Interim Capital and Revenue Budgets 2014/15**

SUMMARY

This report provides an update for the Joint 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 capital and revenue budgets for 2014/15.

RECOMMENDATION

The Joint 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. APPROVE the proposed interim capital and revenue budgets for 2014/15 as set out in the report.
3. APPROVE a carry forward of £251K to 2014/15 for the following forecast revenue budget underspends in 2013/14:
 - Economic Development: £122K
 - Sustainability & Community Infrastructure Panel : £35K
 - Housing and Planning: £20K
 - Quality Places: £24K
 - LEP Contributions : £50K

4. APPROVE a carry forward to 2014/15 of £580,000 for the following forecast capital budget under spends in 2013/14:
 - Hayling Island Access Trails: £20K
 - Portsmouth Creative Industries: £250K
 - Progression Studios: £50K
 - Portsmouth CC Arches: £40K
 - Cell Block Enterprise: £49K
 - Gosport Town Centre: £85K
 - Southampton Northern Quarter: £86K

5. NOTE that the forecast under spend to be carried forward from the 2013/14 budgets into 2014/15 are provisional, and may be subject to change when the final outturn position for 2013/14 is known.

INTRODUCTION

1. This report provides an update for the Joint Committee on progress to date against the approved revenue and capital programmes for the current financial year and identifies recommended changes to these programmes. The report also sets out the forecast position to the end of the current financial year - the final outturn will be reported to the Joint Committee at its meeting in June.
2. The report also sets out the proposed interim revenue and capital budget allocations for the financial year 2014/15 based on under spends / carry forwards of projects that are contractually committed to conclude in the next financial year. This will form the basis for the definitive budget which the Joint Committee will be asked to approve at its meeting in June when the final outturn for 2013/14 is confirmed.
3. Further to the approval of the new PUSH governance structure agreed at the January Joint Committee meeting, the indicative budget for financial year 2014/15 will also include additional revenue proposals and associated funding requests put forward by the newly named Delivery Themed Panels. The exception to this process will be the Economic Development Panel which has now dissolved and won't be replaced as much of its functions have now transferred over to the Solent LEP. Activities and related budgets carried forward under this former Panel will continue to be managed directly by the PUSH Central Team until these activities have concluded. The process for considering new revenue proposals from the newly named Delivery Panels 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. Approval of the recommended new activities will be sought from the Joint Committee at its meeting in June.

RESOURCES

4. Table 1 below sets out the PUSH resources available for 2013/14 together with the funds that have been received as at the end of February 2014. The totals for expected capital and revenue resources are the control totals for the budgets detailed below.

Table 1: Total Resources Available	2013/14	2013/14	2013/14
	Budget Approved Sep 13	Budget Approved Jan 13	Actual received to end Feb 14
	£000s	£000s	£000s
<u>Revenue Funds</u>			
Core funding (local authorities)	162	162	162
Interest on balances	5	5	0
Other local authority funding	39	39	39
Underspend c/f from previous year	936	948	948
Virement to capital		(15)	(15)
Sub-Total	1,142	1,139	1,134
<u>Capital Funds</u>			
Underspend c/f from previous year	1,001	1,001	1,001
Virement from revenue		15	15
Sub-Total	1,001	1,016	1,016
Total Resources	2,143	2,155	2,150

REVENUE BUDGET

5. Table 2 below, sets out the revenue budget for 2013/14 as approved by the Joint Committee in January 2014, spend in the current financial year to the end of February 2014 and the forecast outturn for the year.

Table 2 Revenue Allocations	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14
	Budget Approved Sep 13	Budget Approved Jan 14	Spend to end Feb 14	Forecast Outturn	Forecast Under/ (Over) Spend	Carry Forward Request
	£000s	£000s	£000s	£000s	£000s	£000s
Economic Development	246	246	79	102	144	122
Sustainability & Community Infrastructure	100	100	62	62	38	35
Housing & Planning	160	160	65	65	95	20
Quality Places	30	40	17	16	24	24
Core Projects & Central Costs	195	195	55	93	102	0
LEP Contribution	125	125	75	75	50	50
Contingency Reserve	50	50	0	0	50	0
Unallocated Balances	236	223	0	0	223	0
Total	1,142	1,139	353	413	726	252

6. Although the **Economic Development delivery panel** has now dissolved, there are a number of revenue activities that remain under Contract and therefore will require an agreed carry forward of allocated budgets to enable completion in the new financial year. These activities remain under the auspices of the Solent Employment and Skills Board (ESB) and Inward Investment. The total PUSH funding allocation to the ESB equates to £95,000 of which £50K was allocated to the pre-apprenticeship scheme, £30K match funding to support the post for the newly appointed ESB Manager, £10k towards the ESB website and £5K towards the Skills Summit. A carry forward of any under spend will be required to conclude these contractually committed initiatives in the new financial year. Further to Joint Committee approval at its meeting in January of the commitment by partners to establish a Solent wide Inward Investment Interim arrangement for 2014/15, the balance from this year's allocation will be required to honour contractual commitments in 2014/15. A total of £122K carry forward is therefore required.
7. The **Sustainability and Community Infrastructure Panel** (renamed to become 'Energy and the Green and the Green Economy') is progressing with its activities as planned. Under the Solent Green Deal Scheme, Local Authorities in the PUSH area are working together on two schemes to improve the energy efficiency of homes, Solent Green Deal and Solent Energy Company Obligation (ECO). These schemes will secure major investment in refurbishing housing stock including installing energy efficiency and renewable energy measures, and represent a huge potential economic boost to local businesses, jobs and skills. A total of 6 local authority officers are currently undergoing accreditation training to become Green Deal Assessors. The Future Solent programme and the development of a Solent wide Energy strategy is also underway and budgets for all three activities

will require a carry forward to honour contractual commitments. Partners working under the Future Solent initiative have proactively sought funding to deliver the projects in the programme and have been successful in:

- Securing £3 million of RGF Funding towards the £12 million Future Solent Green Growth Programme to support green technology R&D high growth businesses to support the development of Hampshire Community Bank. The Future Solent Board recently agreed its first two business grants totalling £166,000 which will see 8 new jobs created in environmental R&D businesses.
 - Helping WSX Enterprise secure £619,000 of ERDF funding towards the £1.2 million EiNet project providing business planning and mentoring support to green technology companies
 - Supporting WSX Enterprise's successful bid for €700,000 for the LoToNo project supporting innovation & trans-European co-operation in the low carbon business sector including setting up low carbon clusters in Dorset & Hampshire
 - Securing £7 million towards the £10 million SAVE project (Solent Achieving Value from Efficiency), a trial project to establish to what extent Energy Efficiency measures can be considered as a cost effective tool for managing networks, encouraging renewable connections & creating end customer benefits.
8. Much of the work under the auspices of the **Housing and Planning delivery panel** (renamed to become 'Planning and Infrastructure Delivery Panel') was the commissioning and completion of the Strategic Housing Market Assessment (SHMA). This work has now concluded and the final report was published on the PUSH website at the end of January 2014. At its last meeting, the Joint Committee endorsed the work to commence the spatial strategy review. A report seeking approval of the outline specification brief, timetable for the work and resource requirement for the review will be tabled for consideration at this meeting.
9. The **Quality Places** delivery panel (renamed to become Culture, Creative Industries and the Built Environment) has over the course of this financial year progressed its business plan priorities. The Creative Network South (CNS) has to date established a digital network engaging over 40 businesses, supported the development of work space provider network engaging 17 studio providers - reaching 300 businesses and supported the implementation of an apprenticeship providing opportunities for 12 young people. Recruiting a suitable project officer to support the delivery of the Harbour Historic Buildings project' has proved challenging. However English Heritage and the project partners have agreed to form a multi-disciplinary team which will take responsibility for the delivery of the project reporting to a project board. The project will start March 2014. With regards the Design in the Built Environment, priorities for the group have included establishing mechanisms for design review across South Hampshire, monitoring the impact of the PUSH design charter and reviewing the impact of public realm investment. The panel is also working to secure sponsorship for the 2014 design awards. PUSH has provisionally allocated £10,000 to support a funding application to the Arts Council England / Visit England cultural destination fund. The outcome of this application is yet to be confirmed. A total carry forward of £24K will be required to conclude panel activities in the next financial year.

10. **PUSH Central Costs** continue to support a streamlined structure. These reflect staffing costs for the newly appointed Temporary PA and costs related to the PA for the PUSH team who is currently on maternity leave and due back around December 2014. Other ongoing revenue activities assumed within the central budget include PUSH's agreed allocation of £25K towards the land contamination study and Environmental impact assessment for the identified City Deal sites and a budget allocation to facilitate PUSH communications.

11. A much reduced **Contingency Reserve** of £50,000 for 2013/14 has been set primarily to fund potential termination costs should such arise.

CAPITAL BUDGET

12. The capital allocations were reported to the January Joint Committee meeting and are incorporated in Table 3, below which sets out the capital budget for 2013/14 as approved by the Joint Committee in January 2014. The table also shows spend in the current financial year to the end of February 2014 and the forecast outturn for the year.

Table 3 Capital Allocations	2013/14 Budget Approved Sep 13	2013/14 Budget Approved Jan 14	2013/14 Spend to end Feb 14	2013/14 Forecast Outturn	2013/14 Forecast Over / (Under) Spend	2013/14 Carry Forward Request
	£000s	£000s	£000s	£000s	£000s	£000s
Eastleigh Creative Hub	60	60	0	60	0	0
Hayling Island Access Trails	60	60	15	40	20	20
Portsmouth Creative Industries	500	500	125	250	250	250
Progression Studios - ASPACE	50	50	0	0	50	50
Creative Apprenticeship Programme - Artwork	16	16	15	15	1	0
Portsmouth CC ARTches	40	40	0	0	40	40
Cell Block Enterprise	49	49	0	0	49	49
Gosport Town Centre	85	85	0	0	85	85
Southampton Northern Quarter	86	86	0	0	86	86
Programme Manager	54	70	53	71	(1)	0
Unallocated Balances	1	0	0	0	0	0
Total	1,001	1,016	208	436	580	580

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

ECONOMIC DEVELOPMENT

Table 3a Capital Allocations: Economic Development	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14
	Budget Approved Sep 13	Budget Approved Jan 14	Spend to end Feb 14	Forecast Outturn	Forecast Over / (Under) Spend	Carry Forward Request
	£000s	£000s	£000s	£000s	£000s	£000s
Eastleigh Creative Hub	60	60	0	60	0	0
Total	60	60	0	60	0	0

14. The **Eastleigh Creative Hub** is scheduled to complete this financial year. The refurbishment is almost complete and the Eastleigh Technology Hub will be open for business from 1st April and an official launch will be held in May 2014. There has been a significant amount of interest from businesses and some founder members have joined the scheme. Information on the Technology Hub can be found at www.techub-eastleigh.co.uk. It is anticipated that once opened the Hub will provide facilities for 40 businesses during its first year, in addition to the 20 businesses supported at the Sorting office and 10 at the Point. The PUSH funding has enabled the development of a network of hubs for creative businesses in Eastleigh and a series of collaborative events and business support and advice that will help businesses in the creative sector to prosper and grow.

SUSTAINABILITY AND COMMUNITY INFRASTRUCTURE

Table 3b Capital Allocations: Sustainability and Community Infrastructure	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14
	Budget Approved Sep 13	Budget Approved Jan 14	Spend to end Feb 14	Forecast Outturn	Forecast Over / (Under) Spend	Carry Forward Request
	£000s	£000s	£000s	£000s	£000s	£000s
Hayling Island Access Trails	60	60	15	40	20	20
Total	60	60	15	40	20	20

15. The **Hayling Island Project** is well underway. The resurfacing works of the Hayling Billy Trail are now complete and the remaining footpath works to the seafront path will be completed by end March 2014. However, the remaining elements of the project have experienced a slight delay and as a consequence the overall project will now complete in May 2014.

QUALITY PLACES

Table 3c Capital Allocations: Quality Places	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14
	Budget Approved Sep 13	Budget Approved Jan 14	Spend to end Feb 14	Forecast Outturn	Forecast Over / (Under) Spend	Carry Forward Request
	£000s	£000s	£000s	£000s	£000s	£000s
Portsmouth Creative Industries	500	500	125	250	250	250
Progression Studios - ASPACE	50	50	0	0	50	50
Creative Apprenticeship Programme - Artwork	16	16	15	15	1	0
Portsmouth CC ARTches	40	40	0	0	40	40
Cell Block Enterprise	49	49	0	0	49	49
Gosport Town Centre	85	85	0	0	85	85
Southampton Northern Quarter	86	86	0	0	86	86
Total	826	826	140	265	561	560

16. As reported previously, the **Portsmouth Creative Industries Project** remains slightly behind schedule and is now forecast to complete early September 2014. The Joint Committee will recall that this is a major capital build scheme totalling £23m much of which is funded by various sources predominantly the University of Portsmouth, New Theatre Royal and other bodies. The principle investment, funded by the University of Portsmouth has been the re construction of the Eldon building at the University which opened in January 2014. PUSH's contribution in previous years covered design feasibility work for this building and the redevelopment of the New Theatre Royal. The PUSH allocation of £0.5m in this financial year forms part of the £4m funding package towards the development of new creative learning space at the theatre. The new creative learning space will support graduates to develop and market their business ideas with support from the University of Portsmouth, the New Theatre Royal and other key professionals. The overall scheme will therefore support job creation and business start ups in the Portsmouth area.
17. **The Progression Studios – ASPACE Project** is now due to commence. The previously reported delay in establishing the necessary contractual arrangements have now been resolved and Heads of Terms are scheduled to be signed in April 2014. Southampton Solent University have also allocated funding to progress the capital refurbishment of the building. The Tender process for the work is due to commence to enable the project to start on site by the summer and complete by December 2014. The building is expected to come in use to support business start ups by January 2015.
18. The **Creative Apprenticeship Programme – Artwork** project is well underway and due to conclude this financial year. The PUSH funding investment of £16K has helped to deliver online apprenticeship training support for young people - one day a week – supporting 8 apprentices to achieve NVQ level qualifications. Two apprentices have to date gone on to secure jobs as Administrators in the PUSH area.
19. The **Portsmouth City Council ARTches** project continues to wait for funding confirmation. The Lead authority for this project have recently received notification

from the Coastal Communities Fund (CCF) that they are wanting specific extra information which they are still to clarify in a letter in relation to the application for funding submitted by the Lead Authority. Once received, it is expected that CCF will re-consider the application and possibly fast track the decision outside of the usual timeframes. The Joint Committee is advised to earmark the PUSH funding until confirmation match funding from CCF has been determined.

20. The lead organisation for the **Cell Block Enterprise** project is still awaiting confirmation of planning consent for the change of use to offices and external alterations of the identified historic building within the Historic Dockyard. Recent advice from the planning authority suggests that planning consent is likely to be granted. Subject to planning permission, work is scheduled to commence this summer and conclude late December 2014. The Joint Committee is asked to approve a carry forward of the allocated budget of £49K to enable the project to commence in financial year 2014/15.
21. The **Gosport Town Centre project** is progressing in line with the agreed programme of works and revised milestones. Quotations have been secured for all street works and preferred contractors and suppliers agreed. Contracts for all streetscape improvements have been placed and the community public art initiative is underway. A carry forward of £85,000 has been requested until the end of May 2014.
22. The **Southampton Northern Quarter project** is expected to deliver green infrastructure, seating, cycle parking began in November 2013 but since then below ground investigations have uncovered a more complex network of cables than had been anticipated, causing a further delay to the start of the main programme of works. The Joint Committee is asked to approve a carry forward of £86K to the next financial year to honour this scheme's contractual commitment.

PROGRAMME MANAGEMENT / UNALLOCATED BALANCES

Table 3d Capital Allocations: Programme Management	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14
	Budget Approved Sep 13	Budget Approved Jan 14	Spend to end Feb 14	Forecast Outturn	Forecast Over / (Under) Spend	Carry Forward Request
	£000s	£000s	£000s	£000s	£000s	£000s
Programme Manager	54	70	53	71	(1)	0
Unallocated Balances	1	0	0	0	0	0
Total	55	70	53	71	(1)	0

23. At its meeting in January 2013, the Joint Committee agreed to increase the budget for **Programme and Information Manager** and consequently approved a total allocation of £35,000 to reflect the extension of contract from 31 December 2013 to 30 June 2014 as indicated in the table above.

2014/15 INTERIM BUDGET

24. 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 2015, 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 in tandem with a new PUSH business plan. This will also take account of both existing and new projects/activities – both capital and revenue - which Delivery Panels deem are priorities during 2014/15.

25. The following interim capital allocations are proposed for 2014/15:

Table 5a Interim capital allocations	£000s
Hayling Island Access Trails	20
Portsmouth Creative Industries	250
Progression Studios - ASPACE	50
Portsmouth CC ARTches	40
Cell Block Enterprise	49
Gosport Town Centre	85
Southampton Northern Quarter	86
Total	580

26. The following interim revenue allocations take into account schemes that are currently underway and contractually committed to conclude in 2014/15. This proposed interim budget does not include the full forecast underspend or partner authorities 2014/15 financial contributions. These will be included in the full budget presented to the Joint Committee at its meeting in June.

Table 5b Interim revenue allocations	£000s
Economic Development	133
Sustainability & Community Infrastructure	35
Housing & Planning	20
Quality Places	24
Core Projects & Central Costs	167
LEP Contribution	50
Contingency Reserve	50
Total	480

CONCLUSION

The Joint 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 APPROVE the proposed interim capital and revenue budgets for 2014/15 as set out in the report.
- 29 APPROVE a carry forward of £251K to 2014/15 for the following forecast revenue budget under spends in 2013/14:
- Economic Development: £122K
 - Sustainability & Community Infrastructure Panel : £35K
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 - Quality Places: £24K
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30 APPROVE a carry forward to 2014/15 of £580,000 for the following forecast capital budget under spends in 2013/14:

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- Cell Block Enterprise: £49K
- Gosport Town Centre: £85K
- Southampton Northern Quarter: £86K

33. NOTE that the forecast under spend to be carried forward from the 2013/14 budgets into 2014/15 are provisional, and may be subject to change when the final outturn position for 2013/14 is known.

Background Papers: None

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