



Report to the Partnership for Urban South Hampshire Joint Committee

Date: **24 June 2014**

Report of: **Andrew Lowe, Chief Financial Officer and Gloria Ighodaro, PUSH Interim Executive Director**

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

SUMMARY

This report summarises the outturn against the budget for the financial year 2013/14. This report also updates the proposed capital and revenue budgets for 2014/15, on the basis of the anticipated level of resources available and the priorities for PUSH.

RECOMMENDATION

The Joint Committee is recommended to:-

1. NOTE the outturn for the financial year 2013/14.
2. APPROVE the revised capital and revenue budgets for 2014/15 as set out in the report, including the proposed level of contributions from partner authorities.
3. APPROVE the Statement of Accounts for the 2013/14 financial year and the Annual Governance Statement (Appendix 1).
4. APPROVE Section 1 (Summary Accounting Statements) and Section 2 (Summary Annual Governance Statement) of the Annual Return to the Audit Commission (Appendix 2).
5. NOTE that Section 3 of the Annual Return will be completed by the external auditor no later than 30 September 2014

6. NOTE that Section 4 of the Annual Return has been completed and matters raised actioned appropriately, and that the Annual Return will be reviewed again by the internal auditor no later than 30 June 2014.
7. DELEGATE authority to the PUSH Chief Executives Group to allocate the capital funding of £50K to a new project that meets the business priorities of PUSH for delivery in 2014/15.
8. APPROVE an absolute project start date by 31 August 2014 for the Portsmouth Arches Project, subsequent to which, the capital funding of £40K currently earmarked for the scheme will be re-allocated to support a new capital scheme.

INTRODUCTION

1. This report sets out the final outturn expenditure position against the capital and revenue budgets for 2013/14, and the proposed revenue budgets and capital allocations for the financial year 2014/15.

RESOURCES

2. Table 1 below shows the estimated PUSH resources available for 2013/14, the actual income received in 2013/14 and the expected resources available for 2014/15.
3. The expected resources for the financial year 2014/15 are the expected partner contributions, the revenue and capital under spends carried forward from 2013/14, 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.

Table 1: Total Resources Available	2013/14 Budget Approved Mar 14 £000s	2013/14 Actual received to end Mar 14 £000s	2014/15 Proposed Budget Jun 14 £000s
<u>Revenue Funds</u>			
Core funding (local authorities)	162	162	196
Interest on balances	5	8	5
Other local authority funding	39	39	0
Income from LEP for PUSH Programme Support	0	6	29
Underspend c/f from previous year	948	948	721
Virement to capital	(15)	(15)	0
Sub-Total	1,139	1,149	951
<u>Capital Funds</u>			
Underspend c/f from previous year	1,001	1,001	546
Virement from revenue	15	15	0
Sub-Total	1,016	1,016	546
Total Resources	2,155	2,165	1,496

5. The actual interest on balances was higher than budgeted in 2013/14 because balances have been higher during the year as a consequence of capital spend through the year being less than expected.
6. It is proposed that Partner Contributions for 2014/15 remain the same as 2013/14 resulting in a total contribution of £196,000, including contributions from New Forest and the Isle of Wight.

FINAL OUTTURN 2013/14 - REVENUE

7. Table 2 below sets out the revenue budget for 2013/14 as approved by the Joint Committee in March 2014 and the actual outturn.

Table 2 Revenue Allocations	2013/14 Budget Approved Mar 14	2013/14 Spend to end Mar 14	2013/14 Under/ (Over) Spend
	£000s	£000s	£000s
Economic Development	246	104	142
Sustainability & Community Infrastructure	100	71	29
Housing & Planning	160	65	95
Quality Places	40	17	23
Core Projects & Central Costs	195	96	99
LEP Contribution	125	75	50
Contingency Reserve	50	0	50
Unallocated Balances	223	0	223
Total	1,139	428	711

8. **The Sustainability and Community Infrastructure Panel** will become the *Energy and the Green Economy delivery panel* as outlined in the the PUSH Business Plan for 2014/16 due to be considered at this meeting. In the financial year 2013/14, the panel successfully developed and reviewed the PUSH Sustainability policy, established 'Future Solent' partnership aimed at supporting the green economy and the Green Infrastructure (GI) Delivery Framework to support protection and enhancement of GI in South Hampshire. In addition, the panel also secured £3m of Regional Growth Fund money for the £11m Future Solent Green Growth Programme to enable business growth and create additional jobs in the Solent. The Solent Green Deal Programme has also proved effective in engaging residents towards energy efficiency measures. A total of £500K of Department for Energy and Climate Change (DECC) Pioneer Places Funding and £3.4m of DECC Communities Fund has been secured to support the development of the scheme and assist residents.
9. **The Housing and Planning Delivery Panel** successfully completed all its planned activities last financial year. This includes the completion and publication of the South Hampshire Strategic Housing Market Assessment (SHMA). Through the PUSH Planning Officers Group, the Panel provided support to Local Plan preparations and supported the Solent LEP on spatial planning and housing related evidence base studies required to inform the Solent Strategic Economic Plan submitted by the Solent LEP on 31 March 2014. A Consultant was appointed in the financial year 2013/14 to help develop the Solent Disturbance and Mitigation Strategy. This work will continue and be taken forward through the newly named *Planning and Infrastructure Delivery panel* in the financial year 2014/15, as outlined in the new Business Plan for 2014/16. A key activity in 2014/15 will be the Spatial Strategy Review work which is expected to conclude in 2016.
10. **Quality Places Panel** (now the Culture, Creative Industries and the Built Environment delivery panel) has progressed well with its activities. Key achievements to date include the development of an award winning programme for promoting the engagement of young people in design and development and the delivery of bi-annual Solent Design Awards in 2010 and

2012. Using its PUSH allocation of £7K, the panel has successfully brokered a partnership with English Heritage and local funding partners to invest £560K to promote sustainable use of historic buildings in the Portsmouth Harbour area. This project will resume this financial year and is envisaged to leverage further funding from the Heritage Lottery Fund and other bodies. A collaborative team made up of staff from partner local authorities and English Heritage, will report to a Joint Board. Under the panel name, *Culture, Creative Industries and the Built Environment*, the panel seeks to develop its relationship with the Solent LEP to promote the visitor economy and creative industries.

11. **Solent EU Collaboration Group** is a new structure that will support the work of PUSH going forward. The Group is supported in its work through the PUSH Southern England Local Partners (SELP). To ensure maximum synergy with the strategic objectives of PUSH and the Solent LEP, the EU Collaboration Group undertakes to report to the PUSH Joint Committee twice yearly on its activities; specifically in project development and added value of joint bidding proposals.
12. **PUSH Central Costs** continued to support a streamlined structure. These reflect staffing costs for both the 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 revenue activities assumed within the central budget this financial year 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.
13. A much reduced **Contingency Reserve** of £50,000 for 2013/14 was set primarily to fund potential termination costs should such circumstance arise.

FINAL OUTTURN 2013/14 - CAPITAL

14. Table 3 below sets out the capital budget for 2013/14 as approved by the Joint Committee in March 2014 and the actual outturn.

Table 3 Capital Allocations	2013/14	2013/14	2013/14
	Budget Approved Mar 14	Spend to end Mar 14	Under/ (Over) Spend
	£000s	£000s	£000s
Eastleigh Creative Hub	60	32	28
Hayling Island Access Trails	60	32	28
Portsmouth Creative Industries	500	250	250
Progression Studios – ASPACE	50	0	50
Creative Apprenticeship Programme - Artwork	16	16	0
Portsmouth CC ARTches	40	0	40
Cell Block Enterprise	49	0	49
Gosport Town Centre	85	70	15
Southampton Northern Quarter	86	0	86
Programme Manager	70	71	(1)
Unallocated Balances	0	0	0
Total	1,016	470	546

15. 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 Budget Approved Mar 14	2013/14 Spend to end Mar 14	2013/14 Under/ (Over) Spend
	£000s	£000s	£000s
Eastleigh Creative Hub	60	32	28
Total	60	32	28

16. **Eastleigh Creative Hub project** is on track to complete by the summer of 2014/15. An Open event was held to attract users to the Hub and approximately 40 people attended which has resulted in 8 founder member businesses being created. The website can be seen at www.techub-eastleigh.co.uk. The hubs in Eastleigh will host a number of joint activities and business support workshops during the coming year. A manager has been appointed to work with local businesses to galvanise activities that will be generated from the hubs, to provide business support guidance sessions and seminar programmes.

SUSTAINABILITY AND COMMUNITY INFRASTRUCTURE

Table 3b Capital Allocations: Sustainability and Community Infrastructure	2013/14 Budget Approved Mar 14	2013/14 Spend to end Mar 14	2013/14 Under/ (Over) Spend
	£000s	£000s	£000s
Hayling Island Access Trails	60	32	28
Total	60	32	28

17. Works to the Access Trail, resurfacing work and seating is underway and progressing as planned. There are currently some delay with with restoration of the Hayling Billy signal arm, completion of the footpath and the fencing. The outstanding works are expected to complete by end of June 2014, weather permitting.

QUALITY PLACES

Table 3c Capital Allocations: Quality Places	2013/14 Budget Approved Mar 14	2013/14 Spend to end Mar 14	2013/14 Under/ (Over) Spend
	£000s	£000s	£000s
Portsmouth Creative Industries	500	250	250
Progression Studios - ASPACE	50	0	50
Creative Apprenticeship Programme - Artwork	16	16	0
Portsmouth CC ARTches	40	0	40
Cell Block Enterprise	49	0	49
Gosport Town Centre	85	70	15
Southampton Northern Quarter	86	0	86
Total	826	336	490

18. The **Portsmouth Creative Industries** project is underway and progressing as planned. The project is due to complete by end September 2014.
19. **Progression Studios Project – ASPACE**. The project has had difficulty getting started due to structural issues within the building that was required to develop the business work spaces. As a consequence, PUSH received correspondence from ASPACE and Southampton Solent University in May 2014, advising that this project will no longer be going ahead. The Joint Committee is therefore advised to delegate authority to the PUSH Chief Executives Group to allocate the funding of £50K to a new project that meets the business priorities of PUSH for delivery in 2014/15.
20. **Creative Apprenticeship Programme Artwork**. This project concluded in March 2014. 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 with companies in the PUSH area.
21. **The Portsmouth Arches project** aims to renovate historic buildings back into use in the form of a vibrant new cultural quarter creating in excess of 100 direct and indirect jobs. Recent indications from Ben Ainslie Racing regard the area adjacent to the Arches as the preferred site for his new America's Cup. This would provide the City with a dynamic business area, major visitor attraction and the capacity to deliver transformational strategic change with emphasis on job creation. The project however, remains stalled a year after PUSH funding was awarded and continues to await a match funding decision from the Coastal Communities Fund. Members will recall that PUSH funding was awarded to capital projects on the basis that they were in 'state of readiness' to commence in 2013/14. Unfortunately, this project is now nearing a second year of non-delivery and on this basis, the Joint Committee is recommended to agree an absolute project start date by 31 August 2014, subsequent to which, the funding award of £40K will be reallocated to a new capital project.
22. **Cell Block Enterprise –** Since the last update, Planning Consent was secured on 10th April 2014 as well as the lease agreement between the Portsmouth Naval Base Property Trust and the University of Portsmouth. Following the tendering process, a contractor was appointed early June to take forward the construction phase of the project. It is expected that the construction phase will complete by December 2014 and fit out of the building will be ready for official opening of the Cell Block in January 2015.
23. **Gosport Town Centre –** This public realm scheme is well underway and progressing as planned. Contracts for the works have been placed with local firms, creating / safeguarding employment opportunities for local people over the duration of the project. 12 Full time equivalent constructions related jobs and 5 graduate jobs have been created to date. The project is scheduled to conclude by July 2014.
24. The **Southampton Northern Quarter project** is a public realm scheme that will revitalise the area around Southampton Station. Good progress has been made to date and the delivery of green infrastructure, seating and cycle ways is on track to complete by December 2014.

PROGRAMME MANAGEMENT / UNALLOCATED BALANCES

Table 3d Capital Allocations: Programme Management	2013/14 Budget Approved Mar 14	2013/14 Spend to end Mar 14	2013/14 Under/ (Over) Spend
	£000s	£000s	£000s
Programme Manager	70	71	(1)
Unallocated Balances	0	0	0
Total	70	71	(1)

25. Capital budget allocation for the **Programme and Information Manager** will cease this financial year on the basis that this role is now being facilitated under the Interim Executive Director role. Furthermore, the PUSH capital budget is now fully allocated and committed to projects, most of which are due to conclude in financial year, 2014/15. It is proposed that future allocation to support the Interim Executive Director be met by the PUSH revenue Core budget from June 2014/15. This allocation proposal is assumed both within PUSH Business Plan and in the proposed revenue budget for 2014/15 under *Core Projects & Central Costs*, due to be considered at this meeting.

PROPOSED BUDGET 2014/15 - REVENUE

26. The following revenue allocations are proposed for 2014/15. For further details of each of these activities, please refer to the Business Plan. 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 2015/16 unless projects come forward during 2014/15 with a compelling business case. The Contingency Reserve has been set aside primarily to fund termination costs should PUSH be discontinued.

Revenue Allocations	£000s
Planning & Infrastructure	240
Energy & Green Economy	48
Culture, Creative Industries and the Built Environment	29
European Collaboration Group	7
Core Projects & Central Costs	395
Contingency Reserve	50
Unallocated Balances	182
Total	951

PROPOSED BUDGET 2014/15 - CAPITAL

27. The following capital allocations are proposed for 2014/15. For further details of each of these projects, please refer to the Business Plan. It is expected that all of these projects will be delivered in 2014/15, after which PUSH does not anticipate receiving any further funding to support further capital projects.

Capital allocations	£000s
Hayling Island Access Trails	28
Portsmouth Creative Industries	250
Portsmouth ARTches	40
Cell Block Enterprise	49
Gosport town centre	15
Southampton station quarter	86
Eastleigh Creative Hub	28
Unallocated balances	50
Total	546

CONCLUSION

This Committee is recommended to:-

28. NOTE the outturn for the financial year 2013/14.
29. APPROVE the revised capital and revenue budgets for 2014/15 as set out in the report, including the proposed level of contributions from partner authorities.
30. APPROVE the Statement of Accounts for the 2013/14 financial year and the Annual Governance Statement (Appendix 1).
31. APPROVE Section 1 (Summary Accounting Statements) and Section 2 (Summary Annual Governance Statement) of the Annual Return to the Audit Commission (Appendix 2).
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34. DELEGATE authority to the PUSH Chief Executives Group to allocate the capital funding of £50K to a new project that meets the business priorities of PUSH for delivery in 2014/15.
35. APPROVE an absolute project start date by 31 August 2014 for the Portsmouth Artches Project, subsequent to which, the capital funding of £40K currently earmarked for the scheme will be re-allocated to support a new capital scheme.

Background Papers:

Appendix 1 - Statement of Accounts for the 2013/14 financial year & Annual Governance Statement

Appendix 2 - Annual Return to the Audit Commission

Enquiries:

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