



Report to the Partnership for Urban South Hampshire Joint Committee

Date: **23 September 2014**

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

Subject: **Capital and Revenue Budget Monitoring 2014/15**

SUMMARY

This report provides an update for the Joint Committee on progress to date against the revenue and capital programmes for the current financial year.

RECOMMENDATION

The Joint Committee is recommended to:-

1. APPROVE the revised capital and revenue budgets for 2014/15 as set out in the report, and NOTE the spend for the year to date.
2. APPROVE the recommendation by PUSH Chief Executives to allocate the remaining PUSH capital balance of £50K to support the delivery of the Alver Valley scheme.

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. It also identifies any recommended changes to these programmes.

RESOURCES

2. Table 1 below, shows the estimated PUSH resources available for 2014/15 which includes the actual income received for this financial year and under spends from 2013/14.
3. The totals for capital and revenue resources above are the control totals for the capital and revenue budgets detailed below.

Table 1: Total Resources Available	2014/15 Budget Approved Jun 14 £000s	2014/15 Actual received to end Aug 14 £000s
<u>Revenue Funds</u>		
Core funding (local authorities)	196	42
Interest on balances	5	0
Income from LEP for PUSH Programme Support	29	10
Underspend c/f from previous year	721	721
Sub-Total	951	773
<u>Capital Funds</u>		
Underspend c/f from previous year	546	546
Sub-Total	546	546
Total Resources	1,497	1,319

REVENUE BUDGET

4. Table 2, below, sets out the revenue budgets for 2014/15 as approved by the Joint Committee in June 2014. For further details of each of these activities, please refer to the PUSH Business Plan for 2014/16. There is one proposed change to these budgets as at September 2014 to add £4,300 to the Creative Network South budget, carried forward from the previous year. The table also shows spend in the current financial year to the end of August.

Table 2 Revenue Allocations	2014/15 Budget Approved Jun 14 £000s	2014/15 Budget Proposed Sep 14 £000s	2014/15 Spend to end Aug 14 £000s
Planning & Infrastructure	240	240	5
Energy & Green Economy	48	48	0
Culture, Creative Industries and the Built Environment	29	33	4
European Collaboration Group	7	7	7
Core Projects & Central Costs	395	395	76
Contingency Reserve	50	50	0
Unallocated Balances	182	178	0
Total	951	951	93

5. The **Planning & Infrastructure** delivery panel has held two meetings to date. A key priority for the Panel is to oversee the delivery of the emerging Spatial Strategy Review scheduled to conclude early 2016 alongside the various activities that underpin this work. This includes a review of the Green Infrastructure Implementation Plan, a sub-regional co-ordination of the Strategic Flood Risk assessment and the Solent Disturbance and Mitigation Project (SDMP). The SDMP in particular, is a significant piece of work to which this panel appointed an officer in January to put in place the necessary working arrangements involving all PUSH Local Authorities, three external partners, the Solent LEP, Environment Agency and Natural England. All of these activities are underway and progressing as planned.
6. The **Energy & Green Economy** delivery panel is in the process of determining its Terms of Reference and the appropriate membership for the Panel mindful that some of its previous activities which the panel initiated and developed, Green Infrastructure and Strategic Flood Risk Assessment work in particular, now sit under the *Planning and Infrastructure Panel*. In the meantime, the Panel continues to successfully drive the Solent Low Carbon Economy and the Green Deal agenda across the PUSH and has to date leveraged a total of £7m of Government funds to support projects related to both agenda. Work is underway to explore the role of this panel in conjunction with Future Solent, a private sector led group established to support the development of the Green Economy, to minimise the duplication of efforts thereby enable shared capacity, resources and expertise of both public and private sector partners. The Solent Energy Strategy has now concluded and is due to be tabled for consideration at this meeting.
7. Planned activities under the auspices of the **Culture, Creative Industries and the Built Environment** delivery panel is progressing as planned. Preparations for the Solent Design Awards for 2014 are underway. The event has been running for three years and this year's ceremony is scheduled to take place in November 2014. Sponsored by Bouygues and organised by the Partnership for Urban South Hampshire (PUSH), the Awards aim to encourage good design and quality place-making schemes. The panel continues to maintain an effective relationship with a range of external organisations including the Arts Council England, English Heritage, Sports England and the four Hampshire Universities. These partnerships have helped to secure over £1m external investment to date. Key activities this financial year include building on the success of Creative Network South and the delivery of the Portsmouth Harbour Buildings project. A full report on progress to date on this scheme and on the PUSH Design Charter is due to be considered at this meeting.
8. The **European Collaboration Group** delivery panel The Solent EU Collaboration Group met in July to discuss funding opportunities presented by EU programmes during the new programming period 2014-2020. Individual members agreed to lead on sharing intelligence about specific Programme Calls relevant to the strategic priorities of the Group, including INTERREG, Erasmus+, Employment & Social Innovation (EaSI), Horizon 2020, Life+ and Creative Europe. The development of future EU project partnerships will supported through membership and active participation of SELP. Representatives of the Solent EU Collaboration Group will attend the SELP Annual Congress to be held at the University of Portsmouth in September and there are plans to take part in the Brussels Open Days in October.

9. The **Core projects & Central Costs** budget reflects commitments relating to staffing costs and other ongoing revenue activities led by the PUSH central team which include activities being delivered in partnership with the Solent LEP related to Employment and Skills and inward Investment. At its meeting in June 2011, PUSH endorsed Solent LEP Contribution of £125K, split into two payments. £75K in 2013/14 & £50K IN 2014/15. The final payment to the Solent LEP has now been made which concludes PUSH's contribution to the LEP.
10. A much reduced **Contingency Reserve** of £50,000 for 2014/15 has been set primarily to fund potential termination costs should this arise, reflecting a much streamlined PUSH
11. There are **Unallocated Balances** of £178K. 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.

CAPITAL BUDGET

12. Table 3, below, sets out the capital budgets for 2014/15 as approved by the Joint Committee in June 2014. For further details of each of these projects, please refer to the PUSH Business Plan for 2014/15. There is one proposed change to these budgets as at September 2014 to fund the Alder Valley Project from unallocated balances (see below). The table also shows spend against the approved programme to the end of August.

Table 3 Capital Allocations	2014/15 Budget Approved Jun 14	2014/15 Budget Proposed Sep 14	2014/15 Spend to end Aug 14
	£000s	£000s	£000s
Alder Valley Project	0	50	0
Hayling Island Access Trails	28	28	15
Portsmouth Creative Industries	250	250	175
Portsmouth ARTches	40	40	0
Cell Block Enterprise	49	49	0
Gosport town centre	15	15	0
Southampton station quarter	86	86	0
Eastleigh Creative Hub	28	28	7
Unallocated Balances	50	0	0
Total	546	546	197

ENERGY & THE GREEN ECONOMY

Table 3a Capital Allocations: Energy & Green Economy	2014/15 Budget Approved Jun 14	2014/15 Budget Proposed Sep 14	2014/15 Spend to end Aug 14
	£000s	£000s	£000s
Hayling Island Access Trails	28	28	15
Total	28	28	15

13. **Works to the Hayling Island Access Trail** is now complete. Key benefits of the scheme include improved access to green infrastructure and public access to the coast for south Hampshire residents in keeping with Natural England's Marine & Coastal Access initiative. Other outcomes include improved links to cycle trails for example, from Alice Holt Forest to Portsmouth Dockyard; protection of designated grasslands and encouraging sustainable transport - cycling, walking with benefits towards a low carbon footprint. An apprentice from the local area was employed for three months during the construction phase.

CULTURE, CREATIVE INDUSTRIES AND THE BUILT ENVIRONMENT

Table 3b Capital Allocations: Culture, Creative Industries and the Built Environment	2014/15 Budget Approved Jun 14	2014/15 Budget Proposed Sep 14	2014/15 Spend to end Aug 14
	£000s	£000s	£000s
Portsmouth Creative Industries	250	250	175
Portsmouth ARTches	40	40	0
Cell Block Enterprise	49	49	0
Gosport town centre	15	15	0
Southampton station quarter	86	86	0
Total	440	440	175

14. **The Portsmouth Creative Industries Scheme**, led by the University of Portsmouth and New Theatre Royal, has experienced further construction delays and as a result will not meet the completion date of September 2014. The New Theatre Royal construction project has experienced a number of issues over the past two months, resulting in the contractor's revised programme reporting a completion date of 24th December 2014. The contractor was 6 weeks late commencing the fly tower cladding, which has extended the date for getting the building weather-tight, ahead of finishing the internal works. Recent heavy rain has caused water ingress damaging a few internal walls within the building and reversing the drying out process. The Clients' team is closely monitoring the works and has agreed programme dates to gain access for the theatre fit out works, in time for its first stage production in March 2015. The University's senior management is in direct communication with the contractor's directors, to gain assurances that sufficient management and resource will be made available to meet its commitment.
15. At its June meeting, the Joint Committee approved an absolute deadline date for the **Portsmouth Arches Project** to commence thereby having its funding package and planning consent in place. On the 31 July, correspondence received from the scheme promoter confirmed that planning consent for the scheme has now been secured and that a total of £1.75m grant award from the Coastal Communities Fund has also been secured. The grant award, contribution from Portsmouth City Council of £100K and PUSH funding contribution of £40K will enable the transformation of the Arches on the Southsea seafront in Portsmouth into working creative studios. This scheme build's on Portsmouth's City local creative industries, supporting new business start-ups, creating new jobs, apprenticeships and training opportunities. Revised milestones will be provided and given the delay in starting this project, it is likely that the scheme will conclude

in financial year 2015/16. Furthermore it has been announced that Ben Ainslee has been successful in securing funding to base his America's cup team in Portsmouth (the site of which lies in close proximity to the proposed ARTches).

16. **The Cell Block Enterprise Scheme** commenced on 4 August 2014 and is progressing as planned. The scheme is scheduled to complete by February 2014 with a total of ten work spaces to be made available to companies in the Creative sector. The University of Portsmouth remains on schedule to develop and deliver activities designed to support companies that could be potential tenants of the Cell Block once the building is complete. So far, nine companies have been identified as tenants and are currently receiving business support from the University of Portsmouth until such time as the workspaces become available. The next round of training is envisaged to focus on existing and start-up businesses in the Solent region.
17. In relation to the **Gosport Town Centre Public Realm Improvement Scheme** all contract works are now complete with the majority of improvements undertaken on Gosport High Street. Outcomes achieved to date include work experience placements for one undergraduate and two post graduates, all contracts were placed with local firms (Gosport and Fareham based) creating and safeguarding employment opportunities for local people over the duration of the project. A total of 12 full time construction related jobs were created ranging from bricklayers, labourer and site supervisors to Contract Manager, Project Manager and health and safety Adviser.

PLANNING & INFRASTRUCTURE

Table 3c Capital Allocations: Planning and Infrastructure	2014/15	2014/15	2014/15
	Budget	Budget	Spend to
	Approved	Proposed	end Aug
	Jun 14	Sep 14	14
	£000s	£000s	£000s
Alver Valley Project	0	50	0
Total	0	50	0

18. At its meeting in June, the Joint Committee was advised that a scheme it had previously endorsed, Progression Studios, is no longer going ahead. As a consequence, the Joint Committee delegated authority to the PUSH Chief Executives to allocate the capital funding of £50K to a new project that meets the Business priorities of PUSH. **The Alver Valley Country Park Scheme** has been recommended by the PUSH Chief Executives to receive PUSH funding support. Delivery Partners include Natural England and the Environment. The Alver Valley Country Park is identified in the PUSH Green Infrastructure (GI) Strategy of strategic importance and is one of the thirteen schemes in the PUSH GI Implementation Framework. Furthermore, the scheme is also part of the Solent Disturbance and Mitigation Project (SDMP) as it functions as a Suitable Alternative Natural Green Space. Key Outputs include new cycle / pedestrian routes on a section of the River Valley, enhanced attractive area for visitors and more importantly the Alver Valley Country Park will help to deflect recreational pressure from internationally important habitats in the Solent area.
19. The Joint Committee are advised to APPROVE the recommendation by PUSH Chief Executives to allocate the remaining PUSH capital balance of £50K to

support the delivery of the Alver Valley scheme.

PUSH CORE ACTIVITIES

Table 3d Capital Allocations: PUSH Core Activities	2014/15 Budget Approved Jun 14	2014/15 Budget Proposed Sep 14	2014/15 Spend to end Aug 14
	£000s	£000s	£000s
Eastleigh Creative Hub	28	28	7
Unallocated Balances	50	0	0
Total	78	28	7

20. The Eastleigh Creative Hub is on track to conclude by September 2014 with a Launch event scheduled to take place on 18 October. Approximately 40 potential start up businesses have indicated interest to use the Creative hub as a centre for developing their business ideas. Professional guidance and business support will be provided available to potential tenants of the hub. The Eastleigh Creative Hub is an environment designed to forge connections, encourage collaborations and allow start-ups, small businesses and entrepreneurs to thrive and flourish. The 'Tec Hub' offers businesses a place to meet, work and connect and provides a range of Office, Meeting, and Collaboration Spaces. For further information, please visit the website: <http://techub-eastleigh.co.uk/about-tec-hub-eastleigh/>

21. There are no remaining **Unallocated Balances**.

CONCLUSION

This Committee is recommended to:-

22. APPROVE the revised capital and revenue budgets for 2014/15 as set out in the report, and NOTE the spend for the year to date.

23. APPROVE the recommendation by PUSH Chief Executives to allocate the remaining PUSH capital balance of £50K to support the delivery of the Alver Valley scheme.

Background Papers:

Joint Committee 24 June 2014 – Item 9: Capital and Revenue Budget Monitoring 2013/14 and Capital and Revenue Budgets 2014/15

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