



Partnership for Urban South Hampshire

Statement of Accounts
2016/17

**PARTNERSHIP FOR URBAN SOUTH HAMPSHIRE
STATEMENT OF ACCOUNTS 2016/17**

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EXPLANATORY FOREWORD

1. Introduction

This document contains the Partnership for Urban South Hampshire's (PUSH) Statement of Accounts for the year ended 31 March 2017. The format of the Statement follows that which was approved by the Joint Committee in June 2013.

The pattern of presentation of the statement was laid down by a code of practice, and was as agreed with the Audit Commission. This foreword contains:

- a summary of the various statements which make up the 2016/17 accounts;
- a broad picture of where the money comes from and what it is spent on; and
- a summary of the revenue expenditure on services and capital expenditure over the course of the year.

2. Smaller Bodies Audit

This audit requirement has been withdrawn following the closure of the Audit Commission at the end of March 2015. However, PUSH has decided to continue to appoint an external auditor to carry out this audit.

3. Summary of Statement of Accounts.

The accounts for 2016/17 are set out on pages 6 to 19. They consist of the following:

- Statement of Accounting Policies – sets out the policies adopted by the Joint Committee in preparing the Accounts.
- Statement of Responsibilities for the Statement of Accounts – records the respective responsibilities of the Joint Committee and Chief Financial Officer.
- Income and Expenditure Account – reports the net cost for the year of all the functions for which the Joint Committee is responsible and how they have been financed.
- Statement of Movement on General Fund Balance – discloses the adjustments necessary to determine the movement on the General Fund Balance
- Balance Sheet – this sets out the financial position on 31 March 2017.
- Cash Flow Statement - this summarises cash coming in or going out from transactions with others for revenue and capital purposes.

In addition, the Annual Governance Statement, which reviews the effectiveness of the system of internal control, is included on pages 20 to 25.

Overall Financial position

As PUSH is not able to own any assets, the balance sheet total mainly represents the balance of funding being carried forward to the next financial year to fund ongoing PUSH programmes. The balance sheet position as at 31 March 2017 reflects an increase of £669,266 compared to the previous year.

The majority of PUSH funding up to 2010/11, for both revenue and capital, came from New Growth Point funding from central government. No such funding was available to PUSH from 2011/12 to date.

The Capital Programme in 2016/17 is funded from unspent balances carried forward from 2015/16 plus new funding from the Department for Communities and Local Government for the Solent Recreation Mitigation Project (Local Growth Deal.) Revenue funding for 2016/17 was secured from 2016/17 partners' subscriptions and carry forward of balances from 2015/16.

Carry forward balances from 2016/17 will be used to fund the 2017/18 programme. The balances are sufficient to fund activities planned for 2017/18 and therefore a subscription holiday for 2017/18 was agreed by Joint Committee on 17th October 2016.

4. Where the money comes from

The Joint Committee's income in 2016/17 came from the Department for Communities and Local Government, partner authority contributions and interest earned on day to day balances. See Table 1 below for details.

| Table 1: Total Resources Available | 2016/17 | 2016/17 | 2016/17 |
|---|-----------------|-----------------|---------------------|
| | Approved Budget | Actual received | Under/ (Over) Spend |
| | £000s | £000s | £000s |
| <u>Revenue Funds</u> | | | |
| Core funding (local authorities) | 196 | 196 | 0 |
| Interest on balances | 3 | 3 | 0 |
| Underspend c/f from previous year | 510 | 510 | 0 |
| Sub-Total | 709 | 709 | 0 |
| <u>Capital Funds</u> | | | |
| Local Growth Deal (DCLG) | 765 | 765 | 0 |
| Sub-Total | 804 | 804 | 0 |
| Total Resources | 1,474 | 1,474 | 0 |

5. Overview of the year – revenue expenditure

The main components of the 2016/17 revenue budget and actual expenditure are set out in Table 2 below.

| Table 2 Revenue Allocations | 2016/17 Approved Budget | 2016/17 Total Spend | 2016/17 Under/ (Over) Spend |
|--|-------------------------------|---------------------------|--------------------------------------|
| | £000s | £000s | £000s |
| Planning & Infrastructure | 150 | 61 | 89 |
| Energy & Green Economy | 55 | 26 | 29 |
| Culture, Creative Industries and the Built Environment | 35 | 30 | 5 |
| European Collaboration Group | 7 | 7 | 0 |
| Core Projects & Central Costs | 137 | 85 | 52 |
| Contingency Reserve | 25 | 0 | 25 |
| Unallocated Balances | 300 | 0 | 300 |
| Total | 709 | 209 | 500 |

6. Overview of the year – capital expenditure

The main components of the 2016/17 capital budget and actual expenditure are set out in Table 3 below

| Table 3 Capital Allocations | 2016/17 Approved Budget | 2016/17 Total Spend | 2016/17 Under/ (Over) Spend |
|--------------------------------------|-------------------------------|---------------------------|--------------------------------------|
| | £000s | £000s | £000s |
| Local Growth Deal – Horsea Island | 390 | 86 | 304 |
| Local Growth Deal – Manor House Farm | 375 | 0 | 375 |
| Total | 765 | 86 | 679 |

7. Further information

Further information can be obtained about the accounts from Mel Creighton, the Chief Financial Officer to the Partnership for Urban South Hampshire Joint Committee at the Finance Department, Southampton City Council, The Civic Centre, Southampton, Hampshire, S014 7LY, telephone 023 8083 4897 or Email mel.creighton@southampton.gov.uk.

STATEMENT OF ACCOUNTING POLICIES

1. General principles

- 1.1 The accounts have been prepared in accordance with standard accounting practice. Any significant non-compliance is explained in the following notes.

2. Debtors and creditors

- 2.1 Debtors and creditors have been accrued in accordance with standard accounting practice.

3. Reserves and provisions

- 3.1 Specific amounts are set aside as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts in the Statement of Movement on the General Fund Balance. Expenditure on items for which the reserves were originally created is shown as service expenditure in the Income and Expenditure Account and then transferred back into the General Fund Balance Statement so that there is no net charge against council tax for the expenditure. Variations to earmarked reserves are shown in the notes to the accounts.
- 3.2 Provisions represent legal liabilities when the amount or date of payment is uncertain. They are charged to the revenue account in the year they are recognised.
- 3.3 PUSH currently maintains no such reserves or provisions.

4. Fixed Assets

- 4.1 PUSH does not own any fixed assets.

5. Specific Revenue Government Grants

- 5.1 Government grants for specific purposes are included in the accounts on the basis of the grant conditions that apply. These grants are shown against the relevant service in the Income and Expenditure Account.
- 5.2 PUSH received a £765,000 Local Growth Fund grant from the Department for Communities and Local Government during 2016/17 to facilitate the delivery of the Solent Recreation Mitigation Project. This grant was partially spent in the year and the remaining balance has been carried forward to 2017/18.

6. Financial Instruments

- 6.1 In accordance with Financial Reporting Standard (FRS 26) long-term debtors, debtors, payments in advance and temporary lending are classified as loans and receivable financial instruments. Creditors, receipts in advance and temporary and long-term borrowing are classified as financial liabilities at amortised cost.
- 6.2 The Joint Committee has not granted any soft loans.

7. Corporate and Democratic Core Expenditure

- 7.1 Expenditure incurred on the corporate management team is deemed to be across all areas of PUSH activities, and has not been re-allocated to any specific PUSH activity.

8. Service Expenditure Analysis

8.1 Expenditure has been allocated directly to the relevant service line, and there has been no apportionment of any expenditure.

9. Accounting for VAT

9.1 Claims for re-imburement from other local authorities are paid net of VAT. Any claims from other bodies not able to reclaim VAT are paid gross.

10. Interest

10.1 Interest is calculated using the average 7 day Libid (London Interbank Bid Rate) on the average fund balance held by Southampton City Council on behalf of PUSH.

11. Liquid Resources and Cash

11.1 The Joint Committee includes cash in its categorisation of liquid resources on the basis that this is actually held as cash. No other resources are held that are readily convertible to cash.

12. Fair Value

12.1 All financial assets and financial liabilities carried in the statements are short term so have been valued at face value, which is a reasonable assessment of fair value.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS - JOINT COMMITTEE

1. The Joint Committee's responsibilities

The Joint Committee is required:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. For this Joint Committee, that officer is the Chief Financial Officer.
- To manage its affairs so as to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

2. The Chairman's Statement

I certify that the Statement of Accounts for 2016/17 were considered and approved at the Joint Committee meeting on 27th June 2017

Councillor Seán Woodward

Chairman – Joint Committee

27th June 2017

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS - CHIEF FINANCIAL OFFICER

1. The Chief Financial Officer's responsibilities

The Chief Financial Officer is responsible for the preparation of the Joint Committee's Statement of Accounts in accordance with proper practices as was agreed with the Audit Commission.

In preparing this statement of accounts, the Chief Financial Officer has sought to:

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that were reasonable and prudent.

The Chief Financial Officer has also:

- kept proper records which are up to date,
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

2. The Chief Financial Officer's statement

I certify that the Statement of Accounts presents fairly the financial position of the Partnership for Urban South Hampshire as at 31 March 2017 and its income and expenditure for the year ended 31 March 2017.

Mel Creighton

Chief Financial Officer

27th June 2017

INCOME AND EXPENDITURE ACCOUNT

| Net Expenditure 2015/16 £ | | Revenue Expenditure £ | Specific Income £ | Net Revenue Expenditure £ | Payments for Capital Purposes £ | Net Expenditure 2016/17 £ |
|------------------------------|--|--------------------------|----------------------|------------------------------|------------------------------------|------------------------------|
| | Cultural, Environmental and Planning Services: | | | | | |
| 164,273 | Planning and Infrastructure | 61,496 | 0 | 61,496 | 0 | 61,496 |
| 31,055 | Energy & Green Economy | 25,882 | 0 | 25,882 | 0 | 25,882 |
| 190,447 | Culture, Creative Industries & The Built Environment | 30,000 | 0 | 30,000 | 0 | 30,000 |
| 6,600 | Euro Collaboration | 6,600 | 0 | 6,600 | 0 | 6,600 |
| 590,000 | Local Growth Deal (Solent Recreation Mitigation Project) | 0 | 0 | 0 | 85,874 | 85,874 |
| 982,375 | | 123,978 | 0 | 123,978 | 85,874 | 209,852 |
| | Corporate and Democratic Core: | | | | | |
| 121,963 | Central Costs | 84,539 | 0 | 84,539 | 0 | 84,539 |
| (35,000) | Solent LEP | 0 | (385) | (385) | 0 | (385) |
| 86,983 | | 84,539 | (385) | 84,154 | 0 | 84,154 |
| 1,069,338 | Net Cost of Services | 208,517 | (385) | 208,132 | 85,874 | 294,006 |
| 0 | Interest Paid | | | | | 0 |
| (3,317) | Interest Received | | | | | (2,681) |
| 1,066,021 | Net Operating Expenditure | | | | | 291,325 |
| (203,644) | Partnership Contributions | | | | | (195,591) |
| (590,000) | DCLG – Local Growth Fund | | | | | (765,000) |
| 272,377 | Surplus(-)/Deficit(+) for Year | | | | | (669,266) |

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The Income & Expenditure account shows actual financial performance for the year, measured in terms of resources consumed, and generated over the last 12 months. However, the General Fund balance takes account of reserves built up in the past and contributions to reserves for future expenditure. This statement summarises the differences between the outturn on the Income & Expenditure account and the General Fund balance.

| 2015/16 Total £ | | 2016/17 Revenue £ | 2016/17 Capital £ | 2016/17 Total £ |
|--------------------------------|--|----------------------------------|----------------------------------|--------------------------------|
| (782,011) | General Fund Balance Brought Forward | (504,178) | (5,456) | (509,634) |
| 272,377 | Surplus(-)/Deficit(+) for the year on the Income and Expenditure Account | 9,860 | (679,125) | (669,265) |
| <u>(509,634)</u> | Balance on General Fund Carried Forward | <u>(494,318)</u> | <u>(684,581)</u> | <u>(1,178,899)</u> |

BALANCE SHEET

| 2015/16 | | 2016/17 |
|-----------------------|---|-------------------------|
| £ | | £ |
| | Current Assets: | |
| 178,650 | Debtors | 0 |
| 0 | Payments in Advance | 0 |
| 631,779 | Cash | 1,199,026 |
| <u>810,429</u> | Total Current Assets | <u>1,199,026</u> |
| | Current Liabilities: | |
| 300,796 | Creditors | 20,127 |
| 0 | Receipts in Advance | 0 |
| <u>300,796</u> | Total Current Liabilities | <u>20,127</u> |
| <u><u>509,633</u></u> | Net Current (Liabilities)/Assets | <u><u>1,178,899</u></u> |
| | Financed By: | |
| | General Reserves: | |
| 504,178 | For Revenue Purposes | 494,317 |
| 5,456 | For Capital Purposes | 684,582 |
| <u>509,634</u> | | <u>1,178,899</u> |

CASH FLOW STATEMENT

| 2015/16 £ | | 2016/17 £ |
|------------------|--|------------------|
| | <u>Revenue Activities</u> | |
| | Cash Outflows: | |
| 286,089 | Operating Costs | 248,833 |
| 289,089 | | 248,833 |
| | Cash Inflows: | |
| 0 | Specific Government Grants | 0 |
| (238,644) | Other Income | (195,976) |
| (238,644) | | (195,976) |
| 47,445 | Net Cash inflow(-)/outflow(+) from revenue activities | 52,857 |
| | <u>Returns on Investments and Servicing of Finance</u> | |
| | Cash Outflow: | |
| 0 | Interest Paid | 0 |
| | Cash Inflow: | |
| (3,317) | Interest Received | (2,681) |
| (3,317) | Net Cash inflow(-)/outflow(+) from Servicing of Finance | (2,681) |
| | <u>Capital Activities</u> | |
| | Cash Outflows: | |
| 557,327 | Grants for Capital Purposes | 326,227 |
| 557,327 | | 326,227 |
| | Cash Inflows: | |
| (411,350) | Capital grants | (943,650) |
| (411,350) | | (943,650) |
| 145,977 | Net Cash inflow(-)/outflow(+) from Capital Activities | (617,423) |
| 190,105 | Net Cash Inflow(-)/Outflow(+) | (567,246) |

Note: Cash inflows are shown as negative numbers (-), outflows as positive.

ANNUAL AUDIT RETURN

| | Y/E 31 Mar 2016 £ | Y/E 31 Mar 2015 £ |
|--|-------------------------|-------------------------|
| 1. Balances Brought Forward | 509,633 | 782,011 |
| 2. Income From Local Taxation and/or Levy | 0 | 0 |
| 3. Total Other Receipts | 963,656 | 831,961 |
| 4. Staff Costs | 0 | 0 |
| 5. Loan Interest/Capital Repayments | 0 | 0 |
| 6. All Other Payments | 294,391 | 1,104,339 |
| 7. Balances Carried Forward (1+2+3-4-5-6) | 1,178,899 | 509,633 |
| 8. Total Cash and Short Term Investments | 1,199,026 | 631,779 |
| 9. Total Fixed Assets and Long Term Assets | 0 | 0 |
| 10. Total Borrowings | 0 | 0 |

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Apportionment of Costs from Corporate and Democratic Core

- 1.1 All costs incurred by the PUSH corporate management team cover all PUSH activities, and are not attributable to any individual Delivery Panel. There has therefore been no apportionment of these costs.

2. Interest Received

- 2.1 Interest is calculated using the average 7 day Libid (London Interbank Bid Rate) on the average fund balance held by Southampton City Council on behalf of PUSH.

3. Partner Contributions to PUSH

- 3.1 Partners core funding received in 2016/17 was £195,591 which is unchanged from 2015/16. Additional contributions totalling £8,053 were received in 2015/16 to provide funding for the Strategic Housing Market Assessment Study.

| Council | 2016/17 | 2015/16 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| East Hampshire DC | 1,891 | 2,338 |
| Eastleigh BC | 11,347 | 12,242 |
| Fareham BC | 11,347 | 12,242 |
| Gosport BC | 7,565 | 8,460 |
| Hampshire CC | 52,952 | 52,952 |
| Havant BC | 11,347 | 12,242 |
| Portsmouth CC | 35,932 | 36,827 |
| Southampton CC | 23,496 | 24,391 |
| Test Valley BC | 3,782 | 4,229 |
| Winchester CC | 1,891 | 2,338 |
| Isle of Wight Council | 26,476 | 27,371 |
| New Forest DC | 7,565 | 8,012 |
| Total Partner Contributions | 195,591 | 203,644 |

4. Payments from PUSH to Partners

- 4.1 The table below sets out payments made to partners from PUSH:

| Council | 2016/17 | 2015/16 |
|-----------------------------------|----------------|----------------|
| | £ | £ |
| Eastleigh BC | 15,580 | 27,894 |
| East Hampshire DC | 10,302 | 0 |
| Gosport BC | 0 | 255,000 |
| Hampshire CC (inc TfSH) | 28,138 | 392,129 |
| Havant BC | (134) | 14,662 |
| Portsmouth CC | 152,647 | 146,701 |
| Southampton CC | 23,810 | 47,742 |
| Winchester CC | 30,000 | 27,981 |
| Total Payments to Partners | 260,343 | 912,109 |

5. Grants Received by PUSH

- 5.1 PUSH received a grant from the Department for Communities and Local Government via the Solent LEP Growth Fund in 2016/17 of £765,000 to fund Solent Recreation Mitigation Projects.

6. Debtors

| | 2016/17 | 2015/16 |
|-------------------------------------|----------|----------------|
| | £ | £ |
| Solent Local Enterprise Partnership | 0 | 178,650 |
| | 0 | 178,650 |

7. Creditors

| | 2016/17 | 2015/16 |
|-------------------------|---------------|----------------|
| | £ | £ |
| Other Local Authorities | 20,127 | 285,621 |
| Sundry Creditors | 0 | 15,175 |
| | 20,127 | 300,796 |

8. Receipts in Advance

- 8.1 There were no receipts in advance in 2016/17.

9. Reconciliation of Income and Expenditure Account to net cash inflow from revenue activities

| | 2016/17 | 2015/16 |
|---|---------------|---------------|
| | £ | £ |
| Surplus(-)/Deficit(+) on Income & Expenditure Account | 9,860 | 64,698 |
| Increase(+)/Decrease(-) in Debtors | 0 | 0 |
| Increase(-)/Decrease(+) in Creditors | 40,316 | (20,570) |
| Increase(-)/Decrease(+) in Receipts in Advance | 0 | 0 |
| Less Interest Received | 2,681 | 3,317 |
| Net Cash inflow(-)/outflow(+) from revenue activities | 52,857 | 47,445 |

10. Reconciliation of Income and Expenditure Account to net cash inflow from capital activities

| | 2016/17 £ | 2015/16 £ |
|---|------------------|----------------|
| Surplus(-)/Deficit(+) on Income & Expenditure Account | (679,126) | 207,680 |
| Increase(+)/Decrease(-) in Debtors | (178,650) | 178,650 |
| Increase(-)/Decrease(+) in Creditors | 240,353 | (240,353) |
| Increase(-)/Decrease(+) in Receipts in Advance | 0 | 0 |
| Net Cash inflow(-)/outflow(+) from capital activities | (617,423) | 145,977 |

11. Reconciliation of the Movement in Cash

| | 2016/17 £ | 2015/16 £ |
|---|--------------|--------------|
| Increase(+)/Decrease(-) in Cash Represented by: | (567,247) | 190,105 |
| Net Movement from Revenue | (52,857) | (47,445) |
| Net Movement from Capital | 617,423 | (145,977) |
| Net Movement from returns on investment | 2,681 | 3,317 |

12. Cash Flow Statement – Financing

12.1 The section on financing has been omitted from the Cash Flow Statement, as there are no entries to be included.

13. Disclosure of Audit Costs

13.1 PUSH paid a fee of £2,000 for the external audit review of the 2015/16 Statement of Accounts. The audit fee for the 2016/17 Statement of Accounts is expected to remain at £2,000 as the additional Local Growth Deal funding will continue to require additional audit review.

14. Financial Instruments

14.1 In accordance with Financial Reporting Standard (FRS 26) debtors (note 6, above); payments in advance and temporary lending are classified as loans and receivable financial instruments. Creditors (note 7), receipts in advance (note 8) and temporary borrowing are classified as financial liabilities at amortised cost. All such elements included in the Balance Sheet are short term and have been valued at face value, which is a reasonable assessment of fair value.

14.2 Credit risk arises from deposits with other institutions, as well as credit exposures to PUSH's debtors. As surplus cash is temporarily invested with Southampton City

Council, PUSH is exposed to minimal risk. PUSH's debtors are generally other public sector bodies.

- 14.3 PUSH has access to temporary borrowing from Southampton City Council's cash surpluses, so there is no significant liquidity risk of not being able to raise finance. There is no investment in equity shares or other shareholdings, and no financial assets or liabilities in foreign currencies so no exposure to either price risk or exchange rate risk.
- 14.4 In summary, the risks to which PUSH is exposed to are minimal and therefore it is not considered necessary to perform any sensitivity analysis of the above risks as any changes to the risks would be unlikely to be material to these accounts.

15. Authorisation to Issue the Accounts

- 15.1 These Accounts were authorised for issue on 27th June 2017 by the Chief Financial Officer, and events after the balance sheet date have been considered to this date.

16. Other notes that require disclosure but which this Joint Committee has nothing to report

- There have been no acquired or discontinued operations during the year.
- There were no exceptional items, extraordinary items or prior period adjustments in the year.
- The Joint Committee has no undischarged obligations from long-term projects.
- The Joint Committee does not have any intangible fixed assets.
- The Joint Committee does not have any contingent assets or liabilities.
- The Joint Committee does not have a controlling or dominant influence in any company.
- The Joint Committee has no interests that would require the production of Group Accounts.
- The Joint Committee has no Business Improvement District Schemes in operation.
- The Joint Committee has no discretionary expenditure or pooled funds under the Health Act 1999.
- The Joint Committee does not administer any Trust Funds.
- The Joint Committee does not have any interest in Building Control and therefore no requirement to produce building control accounts.
- The Joint Committee does not operate a scheme under the Transport Act 2000.
- The Joint Committee does not have any Public Finance Initiative schemes.
- No Allowances have been paid to Members.
- There have been no post balance sheet events up to the date of the issue of the accounts to the Joint Committee.

17. Related Party Transactions

- 17.1 PUSH is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence PUSH or to be controlled or influenced by PUSH. Disclosure of these transactions allows readers to assess the extent to which PUSH might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with PUSH. There were no related party transactions.
- 17.2 Central government has effective control over the operations of PUSH - it is responsible for providing the statutory framework within which PUSH operates and has provided the majority of its funding in the form of grants.
- 17.3 Members of the Joint Committee have direct control over PUSH's financial and operating policies, and notes 3 and 4 set out the transactions with the parent councils of the members of the Joint Committee. Grants awarded were made with proper consideration of declarations of interest. The relevant members did not take part in any decision relating to the grants. There were no related party transactions involving members or officers.

ANNUAL GOVERNANCE STATEMENT

1. Scope of responsibility

1.1 The Partnership for South Hampshire (“PUSH”) is a Joint Committee comprising 12 local authorities (“the Councils”). The primary governance arrangements that apply directly to those members and officers of the Councils who are engaged in PUSH activities are those maintained by their own individual local authority (for example, Codes of Conduct). The relationship between the Councils in respect of PUSH are set out in the Joint Agreement (“the Agreement”) which has been approved by each of the Councils at a full council meeting. A copy of the Agreement is available at:

<http://www.push.gov.uk/partnership/working-arrangements/content-governance.htm>

1.2 Southampton City Council’s Chief Operating Officer has also been appointed as the Lead Advisor on legal and constitutional issues for PUSH, and also the statutory Monitoring Officer for PUSH. As such, the Southampton City Council governance arrangements take precedence, and form the basis of PUSH’s governance framework for the operation of the Joint Committee and its activities.

1.3 Southampton City Council is the lead authority for financial matters, and Southampton City Council’s Service Director-Finance and Commercialisation is also the statutory Chief Financial Officer (“CFO”) for PUSH.

1.4 PUSH (“the Joint Committee”) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Joint Committee also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Joint Committee is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

1.5 In addition to the Agreement, the Joint Committee reviewed the governance arrangements at its meeting of 6 June 2013, and the report is available at:

http://www.push.gov.uk/pjc-130606-item_12.pdf

1.6 The Financial Protocols (“the Protocols”) for PUSH were reviewed at the meeting of 28 January 2014, and these are available at:

http://www.push.gov.uk/item_7-annex_a.pdf

2. The purpose of the governance framework

2.1 The governance framework comprises the systems and processes, and culture and values, by which the Joint Committee is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Joint Committee to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve

policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 2.3 The governance framework has been in place for the Joint Committee for the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

3. The Governance Framework

- 3.1 The following describes the key elements of the systems and processes that comprise the Joint Committee's governance arrangements including arrangements for:

Identifying and communicating the Joint Committee's vision of its purpose and intended outcomes for citizens and service users:

- 3.2 The sub-regional strategy for South Hampshire and Isle of Wight sets out objectives for growing prosperity and improving the quality of life. Those objectives need to be translated into actions that will deliver change. PUSH's Business Plan sets out how the sub-regional strategy is to be delivered. The 2016/18 Business Plan was considered by the Joint Committee 7th June 2016.

Reviewing the Joint Committee's vision and its implications for the governance arrangements:

- 3.3 Southampton City Council has adopted a Code of Corporate Governance ("CCG") which identifies in one core document how the Council ensures that it runs itself in a lawful, structured, ethical and professional manner. The CCG is administered by the Monitoring Officer and is updated periodically by the Council's Standards and Governance Committee. As PUSH follows Southampton's governance arrangements (its Constitution etc), Southampton's CCG reflects and represents PUSH's governance arrangements. The full document is published on the City Council's internet site at:

- 3.4 http://www.southampton.gov.uk/policies/Code-of-Corporate-Governance_tcm63-364106.pdf

Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources:

- 3.5 The Joint Committee has adopted a Performance Framework which sets out PUSH's overall approach to secure on-going improvements across a wide range of services that are provided to local residents and businesses. The framework sets out targets and improvement initiatives for the Joint Committee and is available at:

<http://www.push.gov.uk/pdf/Official%20Documents/090519/pjc-090519-r03-sja.pdf>

- 3.6 The Joint Committee set indicative revenue and capital budget allocations across the Delivery Panels and covering the core PUSH organisational costs at its meeting of 7th June 2016.

- 3.7 Monitoring reports are considered by the Joint Committee three times a year.

- 3.8 These reports are available at:

<http://www.push.gov.uk/work/latest%joint%committee/201617jointcommittees.htm>

Defining and documenting the roles and responsibilities of the executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication:

- 3.9 The Joint Committee has a Joint Agreement, Governance Framework and Financial Protocols setting out how it operates, how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by the law, while others are a matter for the Joint Committee to choose.
- 3.10 The Governance Framework and Financial Protocols set out the detailed rules governing the Joint Committee's business including details of the scheme of delegation that provide for delegation to senior officers (Lead Chief Executives and the Executive Director).

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff:

- 3.11 Members and officers acting on behalf of PUSH are required to follow their individual authority 'Members' Code of Conduct' or 'Officer Code of Conduct' as appropriate.
- 3.12 The Members' Code covers areas of individual behaviour such as Members not abusing their position or not misusing their authority's resources. In addition there are rules governing disclosure of private interests and withdrawal from meetings where Members have relevant interests. Members are also required to record on the public register their financial and other interests.

Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks:

- 3.13 The Joint Agreement sets out how the Joint Committee operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. This includes information on how the Joint Committee operates, how decisions are made and the role of overview and scrutiny.
- 3.14 Periodically, as appropriate, the Monitoring Officer, together with the Executive Director and the CFO, conducts a review of the Joint Committee's governance arrangements, which are considered by the Joint Committee from time to time.
- 3.15 All reports submitted to the Joint Committee for a decision must receive legal and financial clearance prior to publication in accordance with the published procedures.

Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities

- 3.16 It is not practical for PUSH to have a formally constituted Audit Committee whose role would be to provide independent assurance to the Joint Committee or Overview and Scrutiny Committee on the adequacy of the risk management framework and the internal control and reporting environment, including (but not limited to) the reliability of the financial reporting process and the annual governance statement. The Joint Committee therefore acts in this capacity directly to receive the accounts, annual governance statement and the reports of the appointed auditor.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful:

- 3.17 It is the role of the Monitoring Officer and the CFO to ensure compliance with relevant laws and regulations and that expenditure is lawful. This is achieved through the governance framework including the Joint Agreement itself and the Financial Protocols.

Whistle-blowing and receiving and investigating complaints from the public:

- 3.18 Any complaints received by the Joint Committee in respect of unlawful conduct, illegality, financial malpractice or dangers to the public, employees or the environment would be dealt with by the Monitoring Officer, in line with Southampton City Council's procedures.
- 3.19 The Joint Committee does not employ staff directly, but rather by the relevant constituent authorities. Each council is required to have its own whistle blowing policy, and staff can utilise these for any activities of PUSH.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training:

- 3.20 The Councils individually have their own programmes for member and senior officer learning and development to cover general development needs. From time to time, PUSH organises member and senior officer workshops to address emerging development needs specific to the Joint Committee.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation:

- 3.21 PUSH has established a Communications Strategy. In addition, the Joint Committee is able to draw on the existing communication channels of the Councils. The strategy is available at:

<http://www.push.gov.uk/pdf/Official%20Documents/090115/pjc-090115-r04-sja-mmc.pdf>

4. Review of effectiveness

- 4.1 The Joint Committee has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Executive Director, the Monitoring Officer and the CFO.
- 4.2 The review process applied in respect of maintaining and reviewing the effectiveness of the system of internal control, is informed by:
- the work of Members/Officers within the Joint Committee;
 - audit and other periodic reports from the Internal Auditor;
 - reports received from service review agencies or inspectorates where appropriate, and
 - the external auditors in their annual audit review letter.

5. The Joint Committee

- 5.1 The Joint Agreement forms the cornerstone of effective corporate governance, supported by the Governance Framework and the Financial Protocols. It has been approved by the full Council meetings of each of the partner local authorities.

6. The Overview and Scrutiny Committee

- 6.1 The Joint Agreement establishes a Joint Overview and Scrutiny Committee with the following terms of reference:

- To scrutinise and call in Joint Committee decisions.
- To scrutinise in particular the PUSH Business Plan and its delivery.
- In respect of any call in:
 - To review decisions made in accordance with the approved business plan and where they consider it appropriate, refer such decisions back to Joint Committee with comments for reconsideration;
 - To review decisions not made in accordance with the approved business plan where they may either refer such decisions back to Joint Committee with comments for reconsideration or refer the decision back to individual authorities. The Council has a formally constituted Audit Committee whose role it is to provide independent scrutiny.

7. The Joint Committee acting as an Audit Committee

- 7.1 The Joint Committee receives reports to meet certain statutory obligations, such as approving the Annual Governance Statement, the Statement of Accounts and the receiving the annual external auditor's report.

8. The Delivery Panels

- 8.1 The Governance Framework has established four Delivery Panels based on service delivery themes, with each Panel being responsible for overseeing and driving the implementation of the relevant area of the Business Plan. The panels are:

- Planning and Infrastructure
- Energy and Green Economy
- Culture, Creative Industries and The Built Environment
- Euro Collaboration

9. Internal audit

- 9.1 The Joint Committee does not operate an Internal Audit function. However, the Southampton City Council / Portsmouth City Council shared internal audit service undertakes an assurance role that provides an independent and objective opinion to the CFO and to the external auditor that adequate financial systems and controls are in place. The audit plan for PUSH is agreed with the CFO. The Internal Audit Section is subject to regular review by the Joint Committee's external auditors who seek to place reliance on the work carried out by the section.

10. Other review/assurance mechanisms.

10.1 The Annual Governance Statement is reviewed each year. This statement, insofar as it is applicable to a Joint Committee, follows the guidance set out within the CIPFA/SOLACE framework: "Delivering Good Governance in Local Government" published in June 2007.

11. Significant governance issues

11.1 No significant governance issues have been identified, however we will continue to review our governance arrangements from time to time and on at least an annual basis.

11.2 We propose over the coming year to take appropriate steps to address matters arising out of such reviews to further enhance our governance arrangements. We are satisfied that this will address the need for any improvements that might be identified in our review of effectiveness and will monitor their implementation and operation as part of any subsequent review.

Signed _____

Councillor Seán Woodward, Chairman.

27th June 2017

Signed _____

Paddy May, PUSH Co-ordinator.

27th June 2017