



APPENDIX 1

Partnership for Urban South Hampshire

Statement of Accounts 2010/11

**PARTNERSHIP FOR URBAN SOUTH HAMPSHIRE
STATEMENT OF ACCOUNTS 2010/11**

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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 2011. The format of the Statement follows that which was approved by the Joint Committee in June 2009.

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

- a summary of the various statements which make up the 2010/11 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

Following changes to the Accounts and Audit Regulations in March 2011, bodies with total annual income or expenditure less than £6.5 million are now audited by the Audit Commission's limited assurance audit approach. This requires the completion of an annual audit return derived from the Statement of Accounts, which the Audit Commission use as the basis for its audit opinion, rather than the more detailed examination which has taken place in previous years.

3. Summary of Statement of Accounts

The accounts for 2010/11 are set out on pages 5 to 6 and 18 to 28. 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 2011.
- Cash flow Statement - this summarises cash coming in or going out from transactions with others for revenue and capital purposes.
- Annual Audit Return – showing the figures used in compiling the audit return for submission to the Audit Commission. A copy of the Audit Return, to be signed by the Chairman of the Joint Committee is attached as Appendix B to the covering report.

In addition, an Annual Governance Statement, which reviews the effectiveness of the system of internal control, is included on pages 7 to 14.

4. 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 2011 reflects an increase of £1,196,431 compared to the previous year.

The majority of PUSH funding to 2010/11, both revenue and capital, came from New Growth Point Funding. No such funding will be available to PUSH in 2011/12, and the Capital Programme will be funded from unspent balances carried forward from 2010/11. Revenue funding for 2011/12 has been secured from 2011/12 partner contributions and making provision for 2010/11 funding to be carried forward.

5. Where the money comes from

The Joint Committee's income in 2010/11 came from central government through New Growth Point Funding, partner contributions, contributions from South East England Development Agency (SEEDA), and from other bodies for specific purposes. Interest is also earned on day to day balances. See Table 1 below for details.

The table also includes the resources for the financial year 2011/12 to be approved by the Joint Committee in a separate report on this agenda, to fund the ongoing programmes and objectives of PUSH.

Table 1: PUSH Resources 2010/11 and 2011/12

	2010/11 Budget (Jan.10) £000	Total Funds Received 2010/11 £000	Over / (-) Under against budget £000	Budgeted Resources for 2011/12 As at June 2011 £000
Revenue funds	315	315		347
Core funding (local authorities)			-	
New Growth Point (revenue)	578	578	-	0
CLG Transitional Fund	0	0	-	90
SEEDA core contribution	165	99	-66	0
Interest on balances	20	21	1	5
Other local authority funding	15	15	-	0
Cultural Coordinator	55	55	-	0
Contributions				
Quality Places Launch	5	5	-	0
Underspend b/f	636	618	-18	611
Agreed carry forward to 10/11	466	466	-	288
Total Revenue Funds	2,255	2,172	-83	1,341
Capital funds	5,336	5,336		0
New Growth Point (capital)			-	
Planned Under Spend b/f	370	370	-	3,464
Add Under Spend b/f	1,964	1,964	-	251
Total Capital Funds	7,670	7,670	-	3,715
Total	9,925	9,842	-83	5,056

6. Overview of the year – revenue account

The main components of the 2010/11 revenue budget and actual expenditure are set out in Table 2 below. The table also includes the forward budget set by the Joint Committee in March 2011, but which has subsequently been revised to take account of changes to resources available to PUSH.

The total revenue budget was £2,172,000 in 2010/11, compared to £2,048,000 in 2009/10.

Table 2: Revenue Allocation and Programme

Theme/Delivery Panel	2010/11 Revised Budget £000	Total Spend for 2010/11 £000	Over / (-) Under against budget £000	Budgeted Allocation for 2011/12 As at May 2011 £000
Economic Development	360	176	-184	192
Sustainability & Community Infrastructure	107	101	-6	29
Housing & Planning	188	115	-73	100
Quality Places	196	173	-23	38
Transport for South Hampshire	250	250	0	0
External Funding	75	0	-75	75
Central Costs and Contingency	996	458	-538	907
Total	2,172	1,273	- 899	1,341

7. Overview of the year – capital expenditure

The main components of the 2010/11 capital budget and actual expenditure are set out in Table 3 below. The table also sets out the provisional programme for 2011/12, as approved by the Joint Committee in March 2011. This programme has subsequently been revised to reflect any changes in funding and the latest position with regard to the projects approved.

The major projects supported by PUSH funding in 2010/11 included Southampton Hinkler Estate regeneration, Portsmouth Somerstown Estate regeneration, Tipner, as well as further development of plans for the Eastleigh Riverside project.

Table 3: Revised Capital Allocation and Programme

Theme/Delivery Panel	Revised 2010/11 Budget £000	Total Spend for 2010/11 £000	Over / (-) Under against budget £000	Budgeted Allocation for 2011/12 As at May 2011 £000
Economic Development	1,406	145	-1,261	1,271
Sustainability & Social Infrastructure	205	62	-143	137
Housing & Planning	3,445	2,922	-523	530
Quality Places	1,075	232	-843	1,143
Transport for South Hampshire	1,124	594	-530	530
Programme Management	0	0	0	100
Reserve/to be carried forward	415	0	-415	4
Total	7,670	3,955	-3,715	3,715

6. Further information

Further information can be obtained about the accounts from 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, SO14 7LY, telephone 023 8083 2049, or e-mail andrew.lowe@southampton.gov.uk.

STATEMENT OF ACCOUNTING POLICIES

1. General principles

- 1.1 The accounts have been prepared in accordance with standard accounting practice, and as agreed with the Audit Commission. 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 The Partnership for Urban South Hampshire 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.

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 received on the daily balance held in the PUSH account, and is based on the average 7 day rate.

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 There are no financial assets and financial liabilities carried in the statements at fair value.

ANNUAL GOVERNANCE STATEMENT

1. SCOPE OF RESPONSIBILITY

The Partnership for South Hampshire (“PUSH”) is a Joint Committee comprising 11 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/push_agreement.pdf

Southampton City Council’s Solicitor to the Council (and their Monitoring 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.

At the inception of the Joint Committee, Hampshire County Council was appointed as the lead authority for financial matters and the County Treasurer was the statutory Chief Financial Officer (“CFO”) for PUSH. As such, Hampshire County Council’s financial regulations took precedence, and form the basis of PUSH’s own financial protocols. With effect from 1 April 2011, Southampton City Council takes over as the lead authority for financial matters, and the (Interim) Head of Finance becomes the statutory Chief Financial Officer (“CFO”) for PUSH.

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.

In addition to the Agreement, the Joint Committee reviewed the governance arrangements at its meeting of 18 November 2008, and the report is available at:

<http://www.push.gov.uk/pdf/Official%20Documents/081118/pjc-181108-r01-sja.pdf>

The Financial Protocols (“the Protocols”) for PUSH were reviewed at the meeting of 24 November 2009, and these are available at:

<http://www.push.gov.uk/pjc-091124-r08-jlo-jpi.pdf>

<http://www.push.gov.uk/pjc-091124-r08-jlo-jpi-appendix.pdf>

They were also reviewed following an Internal Audit report in September 2010.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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.

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.

The governance framework has been in place for the Joint Committee for the year ended 31 March 2011 and up to the date of approval of the statement of accounts.

3. THE GOVERNANCE FRAMEWORK

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:**

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.

This first Business Plan covered the period 2008-11, but has since been updated a number of times to reflect changing circumstances and the current plan covers the period 2011-13. The evidence base to inform decisions is developing all the time, and the national and regional policy context is also evolving. We therefore expect to review the Business Plan at regular intervals, and update it as necessary. It is therefore a 'living document'. But it provides a firm basis for actions to be taken forward by PUSH and our partners.

The initial Business Plan was in two volumes, although in the updated plan these have been merged. In the first, an introduction sets out PUSH's vision and the outcomes to be delivered. The chapters deal with the main themes in PUSH's work programme: economic development; transport infrastructure; community infrastructure and sustainability; housing and planning; and creating quality places. The end chapters look at PUSH's organisational development and governance as well as financing issues. The second volume contained more detailed action plans, putting flesh on the priority actions identified in each chapter. It also sets out an indicative budget for activities.

- **Reviewing the Joint Committee’s vision and its implications for the governance arrangements:**

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:

http://www.southampton.gov.uk/Images/Code%20of%20Corporate%20Governance%20-%20April%202010_tcm46-259807.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:**

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 26 January 2010. It subsequently revised those allocations into firm budgets at its meeting of 23 June 2010. These reports are available at:

<http://www.push.gov.uk/pjc-100126-r06-sja-jpi-tni.pdf>
<http://www.push.gov.uk/pjc-100623-r04-spo-amm-tni.pdf>

Monitoring reports are considered by the Joint Committee on broadly a quarterly basis. These reports are available at:

July 2010: <http://www.push.gov.uk/pjc-100707-r04-tni-spo-amm.pdf>
 Sept 2010: <http://www.push.gov.uk/pjc-100914-r02-tni-amm.pdf>
 Nov 2010: <http://www.push.gov.uk/pjc-101109-r04-cwi-amm.pdf>
 Jan 2011: <http://www.push.gov.uk/pjc-110111-r02-cwi-amm.pdf>
 March 2011: <http://www.push.gov.uk/pjc-110301-r02-cwi-amm.pdf>

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>

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

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.

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:**

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.

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:**

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.

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.

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:**

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**

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**

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.

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:**

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:**

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-mmcc.pdf>

4. REVIEW OF EFFECTIVENESS

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.

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 letter.

The Joint Committee

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.

The Overview and Scrutiny Committee

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.

The Joint Committee acting as an audit committee

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.

The Delivery Panels

The Governance Framework has established 5 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:

- Economic Development
- Housing and Planning
- Sustainability and Community Infrastructure
- Creating Quality Places
- External Funding

Transport for South Hampshire, as a separate Joint Committee leads on the implementation of the transport infrastructure theme, and has separate governance arrangements.

The Programme Board / Working Group

The Joint Agreement established the Working Group as an informal body without statutory powers or authority save as directly delegated to individual officers by their authority or the Joint Committee. Its terms of reference included:

- Providing advice and guidance to the Joint Committee.
- Monitoring and reviewing the budget, governance, financial compliance matters and issues.
- Monitoring the action plan and delivery.
- As delegated by the Joint Committee, to be responsible for operational decision making and the day-to-day management of projects and activities carried out in the name of or on behalf of PUSH.
- Performance management of dedicated officer support.
- Developing proposals for the long-term governance and delivery of PUSH's key objectives for consideration by the Joint Committee.

Following a review of the governance arrangements, the Joint Committee established a revised framework establishing the Programme Board as the successor to the Working Group. The Board's remit being revised to focus on its performance review role across the themes and in particular on the MAA; with a remit to complement the Core Team and support the Joint Committee in this regard.

Internal audit

The Joint Committee does not operate an Internal Audit function. However, the County Council's internal audit function has undertaken an assurance role that provides an independent and objective opinion to the CFO and to the external auditor to ensure that the financial systems and controls are in place. With effect from 1 April 2011, Southampton City Council's internal audit function will perform this role, to reflect the change in lead authority for financial matters described above.

The audit plan for PUSH is agreed with the CFO, Executive Director and external auditor. 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.

Other explicit review/assurance mechanisms.

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.

The annual review of the effectiveness of the governance arrangements for PUSH, leading to the production of this Annual Governance Statement, has taken cognisance of the areas for improvement identified in the Annual Governance Report, which gave an unqualified audit opinion on both the financial statements and the Joint Committee's use of resources. This was presented to the Committee at its meeting of 14 September 2010, and a revised strategic risk register adopted at its meeting of 9 November 2010.

Annual Governance Report: http://www.push.gov.uk/2009-2010_push_appendices.pdf

Strategic Risk Register: http://www.push.gov.uk/pjc-101109-r03-amm-appendix_a.pdf

5. SIGNIFICANT GOVERNANCE ISSUES

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.

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.

Signed _____
Anne-Marie Mountifield, Executive Director.

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. In this Authority, 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 2010/11 were considered and approved at the Joint Committee meeting on 8 June 2011.

Councillor Seán Woodward

Chairman – Joint Committee

8 June 2011

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 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 2011 and its income and expenditure for the year ended 31 March 2011.

Andrew Lowe CPFA
Chief Financial Officer
8 June 2011

INDEPENDENT AUDITOR'S REPORT

THE AUDITOR'S OPINION AND CERTIFICATE WILL APPEAR HERE FOLLOWING THE COMPLETION OF THE AUDIT FOR INCLUSION IN THE FINAL PUBLISHED ACCOUNT

INCOME AND EXPENDITURE ACCOUNT

2009/10 Total Net Spend		Note	Revenue Spend	Specific Income	2010/11 Net Revenue Expenditure	Grants for Capital Purposes	Total Net Expenditure
£			£	£	£	£	£
	Cultural, Environmental and Planning Services:						
392,011	Economic Development		176,349	0	176,349	145,188	321,537
229,886	Sustainability and Social Infrastructure		101,414	0	101,414	62,057	163,471
3,746,994	Housing and Local Planning		114,684	-15,000	99,684	2,922,211	3,021,895
582,760	Creating Quality Places		172,654	-60,000	112,654	231,541	344,196
4,951,651			565,101	-75,000	490,101	3,360,997	3,851,098
	Highways, Roads and Transport Services:						
3,097,184	Transport for South Hampshire		250,000	0	250,000	594,000	844,000
3,097,184			250,000	0	250,000	594,000	844,000
304,770	Corporate and Democratic Core	1	457,652	-99,000	358,652	0	358,652
8,353,605	Net cost of Services		1,272,753	-174,000	1,098,753	3,954,997	5,053,750
	Interest Payable						-
-22,555	Interest Receivable	2					-20,607
8,331,050	Net Operating Expenditure						5,033,144
-844,216	New Growth Point Funding – Revenue						-578,000
-7,818,127	New Growth Point Funding – Capital						-5,336,386
-308,000	Partnership Contributions	3					-315,189
-639,293	Surplus (-) / Deficit (+) for Year						-1,196,431

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The Income & Expenditure account shows the Authority's 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.

2009/10			2010/11	
£		Note	Revenue	Capital
			£	£
-2,778,941	General Fund Balance Brought Forward		-1,085,495	-2,332,739
-639,293	Surplus (-) / Deficit (+) for the year on the Income and Expenditure Account		184,958	-1,381,389
-3,418,234	Balance on General Fund Carried Forward		-900,537	-3,714,128
				-4,614,665

BALANCE SHEET

2009/10		Note	2010/11
£			£
	Current Assets:		
50,000	Debtors	6	0
0	Payments in Advance		0
6,153,606	Cash		5,198,716
6,203,606	Total Current Assets		5,198,716
	Current Liabilities:		
2,180,072	Creditors	7	584,051
605,300	Receipts in Advance	8	0
2,785,372	Total Current Liabilities		584,051
3,418,234	Net Current Assets		4,614,665
	Financed By:		
	General Reserves:		
1,085,495	For Revenue Purposes		900,537
2,332,739	For Capital Purposes		3,714,128
3,418,234	Total General Reserves		4,614,665

CASH FLOW STATEMENT

2009/10 £		Note	2010/11 £
	Revenue Activities		
	Cash Outflows:		
1,625,183	Operating Costs		1,497,017
1,625,183			1,497,017
	Cash Inflows:		
-1,422,216	New Growth Point Funding (CLG)		0
-959,370	Other Income		-519,889
-2,381,586			-519,889
-756,403	Net Cash inflow from revenue activities	9	977,128
	Returns on Investments and Servicing of Finance		
	Cash Outflow:		
-	Interest Paid		-
	Cash Inflow:		
-22,555	Interest Received		-20,607
-22,555	Net Cash inflow from Servicing of Finance		-20,607
	Capital Activities		
	Cash Outflow:		
6,231,984	Grants for Capital Purposes		5,334,754
6,231,984			5,334,754
	Cash Inflows:		
-7,253,000	New Growth Point Funding (CLG)		-5,336,386
-1,021,016	Net Cash inflow from Capital Activities	10	-1,631
-1,799,974	Net Cash inflow (-) / outflow (+)	11	954,890

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

ANNUAL AUDIT RETURN

	<u>Y/E</u> <u>31 Mar 2010</u> £	<u>Y/E</u> <u>31 Mar 2011</u> £
1. Balances Brought Forward	2,778,940.47	3,418,233.66
2. Income From Local Taxation and/or Levy	0.00	0.00
3. Total Other Receipts	9,697,398.33	6,424,181.23
4. Staff Costs	0.00	0.00
5. Loan Interest/Capital Repayments	7,245,779.61	3,954,996.96
6. All Other Payments	1,812,325.53	1,272,753.32
7. Balances Carried Forward	3,418,233.66	4,614,664.61
8. Total Cash and Short Term Investments	6,153,606.10	5,198,715.92
9. Total Fixed Assets and Long Term Assets	0.00	0.00
10. Total Borrowings	0.00	0.00

NOTES TO THE CORE FINANCIAL STATEMENTS

1. Apportionment of Costs From Corporate and Democratic Core

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

The balance held on the PUSH account was pooled with that of Hampshire County Council, and interest was paid based on the average 7 day rate.

3. Partner Contributions

	2010/11	2009/10
Council		£
East Hampshire DC	3,152	3,080
Eastleigh BC	18,911	18,480
Fareham BC	18,911	18,480
Gosport BC	12,608	12,320
Hampshire CC	88,253	86,240
Havant BC	18,911	18,480
New Forest DC	12,608	12,320
Portsmouth CC	59,886	58,520
Southampton CC	72,493	70,840
Test Valley BC	6,304	6,160
Winchester CC	3,152	3,080
Total Partner Contributions	315,189	308,000

4. PUSH Payments to Partners

The table below sets out payments made to partners from PUSH

Partner	2010/11		2009/10	
	Revenue £	Capital £	Revenue £	Capital £
Eastleigh BC	116,283	80,792	51,906	120,090
Fareham BC	35,179		73,834	-
Gosport BC	-	37,000	-	1,156,988
Havant BC	12,300		63,296	-
Portsmouth CC	37,035	2,093,931	424,436	1,086,792
Southampton CC	20,843	1,240,000	93,270	1,511,198
Test Valley BC	833	19,250		
Winchester CC	79,975		37,254	-
Transport for South Hampshire	250,000	167,000	250,000	2,847,184
Total	552,448	3,557,973	993,996	6,722,252

5. Grants Received by PUSH

Awarding Body	Grant	2010/11 £	2009/10 £
Revenue:			
CLG	New Growth Point	578,000	844,216
CLG	MAA Refresh	0	5,000
SEEDA	Core Contribution	99,000	165,000
SEEDA	Quality Places Manager	5,000	5,000
SEEDA	Quality Places Launch	5,000	0
Tourism SE	Quality Places Manager	5,000	5,000
Tourism SE	Tourism Study	0	3,500
CABE	Design Awards	0	11,000
IESE	MAA Refresh	0	50,000
Museums and Libraries Assoc.	Quality Places Manager	5,000	5,000
English Heritage	Quality Places Manager	5,000	5,000
Arts Council	Quality Places Manager	10,000	10,000
Hampshire C.C.	Quality Places Manager	25,000	25,000
Learning Skills Council	Advanced Network Prototype project	0	400,000
Total		737,000	1,533,716
Capital:			
CLG	New Growth Point	5,336,386	7,818,127

6. Debtors

	2010/11 £	2009/10 £
Government Departments	-	-
Other Local Authorities	-	50,000
Sundry Debtors	-	-
	-	50,000

7. Creditors

	2010/11	2009/10
	£	£
Government Departments	5,000	15,000
Other Local Authorities	578,471	1,862,538
Sundry Creditors	580	302,535
	584,051	2,180,072

Note: The definition of the heading 'Government Departments' includes HM Revenues & Customs

8. Receipts in Advance

	2010/11	2009/10
	£	£
Capital	-	-
Revenue	-	605,300
	-	605,300

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

	2010/11	2009/10
	£	£
Surplus on Income & Expenditure Account	184,958	-66,946
Decrease in Debtors	-50,000	-133,570
Increase/(-)Decrease in Creditors	216,264	-187,143
Increase/(-)Decrease in Receipts in Advance	605,300	-391,300
Less Interest Received	20,607	22,555
	977,128	-756,404

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

	2010/11	2009/10
	£	£
Surplus on Income & Expenditure Account	-1,381,389	-572,347
Increase in Debtors	-	-
Increase in Creditors	1,379,758	-1,013,796
Decrease in Receipts in Advance	-	565,127

-1,631 -1,021,016

11. Reconciliation of the Movement in Cash

	2010/11	2009/10
	£	£
Increase in Cash	-954,890	1,799,974
Represented by:		
Net Movement from Revenue	-977,128	756,403
Net Movement from Capital	1,631	1,021,016
Net Movement from Servicing of Finance	20,607	22,555

12. Cash Flow Statement – Financing

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

For the audit of the 2009/10 Statement of Accounts the Joint Committee paid a total fee to the Audit Commission of £14,938. For 2010/11 the figure will be £5,000.

14. Financial Instruments

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.

Credit risk arises from deposits with other institutions, as well as credit exposures to PUSH's debtors. As surplus cash was temporarily invested with Hampshire County Council, and, from 1 April 2011 will be temporarily invested with Southampton City Council, PUSH is exposed to minimal risk. PUSH's debtors are generally other public sector bodies.

PUSH had access to temporary borrowing from Hampshire County Council's cash surpluses, and, from 1 April 2011, will have 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.

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

(This note will be added to the Accounts after the authorisation to issue is by the Joint Committee before 30 September 2011)

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

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.

Central government has effective control over the operations of PUSH - it is responsible for providing the statutory framework within which PUSH operates and provides the majority of its funding in the form of grants. Details of transactions with government departments are set out in the I&E.

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.