



Partnership for Urban South Hampshire (PUSH)

FINANCIAL PROTOCOLS

A. General

1. These Financial Protocols (the “Protocols”) are to be read in conjunction with the Joint Agreement established between the participating authorities, and with the Governance Protocols approved by the PUSH Joint Committee. These Protocols are issued by the Chief Financial Officer (CFO) for PUSH, as appointed by the Joint Committee in accordance with the Joint Agreement, and derive their authority from Clause 9.2 of the Joint Agreement which provides that the CFO shall provide advice and assistance on financial administration and other associated financial issues.
2. Interest on balances held in Southampton City Council (SCC) accounts will be credited to the PUSH Account annually. “Overdrafts” will be charged interest in a like manner.
3. Staff which the PUSH Joint Committee agree to employ discharging delegated functions of the Joint Committee will be employed by Portsmouth City Council (PCC), unless agreed otherwise by the Executive Director in consultation with the Chief Financial Officer. Secondments can be utilised where appropriate.
4. The principles of Value for Money (VFM) should be borne in mind in all financial aspects of PUSH, including competitive tendering for goods and services.
5. The conduct of staff seconded to PUSH is covered by Portsmouth City Council’s (PCC) Corporate Anti-fraud and Corruption Strategy. The Lead Authority for any expenditure or project is responsible for ensuring that adequate mechanisms and processes are in place to ensure detection of fraud, and recovery of losses where fraud is proven, and that their own fraud and corruption policies are fully complied with.
6. The Definitions used in this Protocol shall, where appropriate, have the same meaning as those used in the PUSH Joint Agreement with the addition that:
 - “Executive Director” shall mean the officer appointed to lead the delivery of PUSH (previously called the Managing Director)
 - “Programme and Information Manager” shall mean the officer appointed to that post within the PUSH core team
 - “Delivery Panel” shall mean one of the five Delivery Panels approved by the Joint Committee in November 2008 to oversee and drive the delivery of the actions in the thematic chapters of the Business Plan;
 - “Lead Chief Executive” shall mean the Chief Executive from one of the Parties appointed to that delivery panel to act as a lead.
7. In the absence of the Executive Director, the Programme and Information Manager is authorised to act on his/her behalf unless qualified by any provisions set out in the Protocol below.

B. Revenue Budget Expenditure (i.e. NGP, SEEDA & Core Funding) – Delivery Panels

8. The Joint Committee will set overall budgets, disaggregated into a central budget and Delivery Panel budgets, at the start of the financial year.
9. Each Delivery Panel has a responsibility to monitor and control expenditure, to ensure that the budget is spent within the amount approved by the Joint Committee.
10. Where invoices for projects and/or consultants commissions are to be paid directly by the Lead Authority for financial matters (SCC), procurement must be through SCC. Otherwise the Lead Authority for the project must follow its own procurement procedures, pay the invoice and seek reimbursement from SCC using the appropriate PUSH 'Claim for Reimbursement of Expenditure' Form (see Appendix 3).
11. All financial commitments must be reported to the Chief Financial Officer (or his nominated officer) to confirm that sufficient budget is available before they are entered into by either the Lead Chief Executive (or their nominated project officer) of the respective Delivery Panel, or the PUSH Executive Director.
12. All invoices for projects and/or consultant commissions commissioned through SCC will be paid by SCC on confirmation by the relevant Lead Chief Executive (or their nominated officer) and the Programme and Information Manager that the work has been completed, using the PUSH 'Claim for Reimbursement of Expenditure' Form (see Appendix 3). Work commissioned by an authority other than SCC must be paid for by that authority and reclaimed. SCC will NOT pay supplier invoices where goods/services have been procured other than via SCC procedures.
13. Delivery Panel Lead Chief Executives have discretion to manage budgets within the total allocation to the Delivery Panel. Where expenditure appears likely to exceed the approved budget, the Lead Chief Executive must first get approval. Up to 10%, or £100,000, whichever is the less, approval can be given by the Executive Director, in consultation with the Chief Financial Officer (or nominated officer), having first identified where sufficient additional resources can be found. Overspending above the threshold must be approved by the Joint Committee.
14. Where the Executive Director or Lead Chief Executive has approved staff time and related support costs (including fees) against a particular project, reimbursement must be claimed from SCC using the appropriate PUSH 'Claim for Reimbursement of Expenditure' Form (see Appendix 3).
15. Any directly procured services, where costs are incurred by lead authorities, are to be reimbursed via sending a claim form (as per paragraph 10 above) to SCC as Lead Authority for financial matters, which has been approved by the Programme and Information Manager or Lead Chief Executive (or their nominated officer), using the PUSH 'Claim for Reimbursement of Expenditure' Form (Appendix 3). VAT on directly procured services should be accounted for/reclaimed by the procuring authority and only the net cost should be reclaimed from SCC. ALL procurement should be in the name of the procuring authority, NEVER in the name of PUSH.
16. All grants payable to PUSH should be paid to SCC or, if paid to a partner directly, to be transferred to SCC at the earliest opportunity.

C. Revenue Budget Expenditure (i.e. NGP, SEEDA & Core Funding) – Central Budget

17. The revenue budget for central costs and the PUSH core team will be managed by the Programme and Information Manager on behalf of the Executive Director.
18. All procurement against the central budget should be made through SCC procurement systems. Where this is not practical, procurement may be made through PCC procurement systems and reimbursement sought from SCC using the appropriate claim form.
19. Payments from the central costs non-staff budgets will be made against Agresso purchase orders, where applicable, which have been requested by the Programme and Information Manager, and will not require the submission of a PUSH claim form. Recurring expenses (e.g. meeting refreshments) may make use of annual orders. Services provided by SCC sections may be charged via journal transfer. E-mail authorisation from either the Executive Director or Programme and Information Manager should be obtained before making payments against annual orders or via journal transfer.
20. Travel Claims for PUSH staff on PCC payroll shall be authorised and processed in accordance with PCC procedures. PCC shall seek reimbursement for all payroll costs for PUSH staff (including Travel Claims and relocation expenses where appropriate) plus any PUSH office consumables as appropriate from SCC..
21. All core contributions are to be invoiced to partners and paid in line with agreed terms.

D. Capital Budget Expenditure (i.e. NGP, SEEDA & Core Funding)

22. The Joint Committee shall agree the allocation to each capital project within each of the Delivery Panels, in line with the PUSH business plan, at the start of the financial year.
23. The Joint Committee shall be the recipient of capital funds and the body that decides how those funds are spent, but shall not incur capital expenditure directly (since PUSH is not a legal entity and cannot own any such assets created).
24. Lead Authorities shall procure and account for capital expenditure and new assets created in line with their own financial protocols. Maintenance and other liabilities for capital assets created rest with the relevant Lead Authority.
25. Where actual capital expenditure or a revised estimate of cost is greater than the budget allocation, the Executive Director, in consultation with the Chief Financial Officer, has the discretion to authorise this provided that the extra cost does not exceed £100,000 or 10%, whichever is the less. Such overspends must be offset by underspends or the use of unallocated resources, and must be reported to the next meeting of the Joint Committee.
26. Where the total cost of a project remains within the approved sum, but timing requires additional funding in the current financial year, the Programme and Information Manager, in consultation with the Chief Financial Officer, may authorise the expenditure, provided that the additional spend in the year can be funded within current resources available. If the additional funding is more than 10% of the approved budget for the current financial year, approval must be given by the Joint Committee.
27. Claims for reimbursement of capital expenditure from lead authorities are to be made by submission of a claim form to PUSH, in line with project approvals and on the confirmation from the relevant Lead Authority, or Lead Chief Executive (or their

nominated officer), that work has been completed satisfactorily, using the appropriate PUSH 'Claim for Reimbursement of Expenditure' Form (see Appendix 3). Payments will not be made directly to suppliers or contractors on submission of an invoice. Payment will be processed after the claim is authorised by the Executive Director or Programme and Information Manager.

28. On completion of the project, the Project Completion Form (Appendix 5) must be completed by the Project Manager, and submitted to the Programme and Information Manager, at the same time as the final claim for re-imburement, together with a copy of the original Project Appraisal Form submitted for the project. Payment of the final claim will only be made on receipt of the completed Project Completion Form. The form compares actual costs and performance against the original plan and explains significant variations. The Programme and Information Manager will sign off the Completion Form, and submit a report to Joint Committee summarising the completion of projects in the financial year, and highlighting the reasons for any significant variations compared to the original submissions and any lessons to be learned for future projects.

E. Project Approval

29. All capital projects and revenue bids require the completion of the PUSH Project Appraisal template attached as Appendix 1.
30. The table below sets out the process for approval of projects submitted. Projects can only be approved if sufficient resources are available, as determined by the Chief Financial Officer (or his nominated officer).

| Estimated Value | Revenue/ Emerging Funding | Capital |
|---|---|---|
| Under £25,000 | To be approved by Lead Chief Executive and Chief Financial Officer | To be approved by Executive Director and Chief Financial Officer |
| Over £25,000 and under £250,000 | To be approved by Lead Chief Executive or Executive Director and Chief Financial Officer | To be approved by Executive Director and Chief Financial Officer |
| Over £250,000 | To be approved by Lead Chief Executive and Chairman and Vice Chairmen of Joint Committee, Executive Director and Chief Financial Officer | To be approved by Lead Chief Executive and Chairman and Vice Chairmen of Joint Committee, Executive Director and Chief Financial Officer |
| In excess of Delivery Panel Budget Allocation | To be approved by Lead Chief Executive in consultation with Chairman and Vice Chairmen of Joint Committee, Executive Director and Chief Financial Officer | To be approved by Lead Chief Executive in consultation with Chairman and Vice Chairmen of Joint Committee, Executive Director and Chief Financial Officer |

F. Emerging Funding - Project Approval and reclaiming expenditure

31. Once the revenue and capital budgets are set at the start of the financial year, further funding streams/sources may subsequently be identified.
32. The Executive Director and Chief Financial Officer should be notified whenever a potential source of additional funding or opportunity to bid to an external organisation

arises, and a Project Appraisal should be completed as per the table in Section E above. No commitments should be made to any third parties on behalf of PUSH without the appropriate approvals having been confirmed.

33. Subject to the Constitutional arrangements within any authority, the Joint Agreement supported by this Protocol enables the Lead Authority to form contracts in their name on behalf of PUSH up to a maximum value of £1 million (subject to legal & finance advice on the risk to the Lead Authority) without the need for a specific resolution of the Joint Committee being required for each contract. Contracts over £1million need specific Joint Committee approval, and in approving such contracts, matters such as liabilities should be addressed expressly by the Joint Committee. Proposed contracts needing legal & finance consideration/approval should be submitted at least three weeks ahead of the deadline for signature, to allow sufficient time for consideration and consultation.
34. The PUSH Joint Agreement specifically addresses indemnity and liability.

G. Financial Reporting

35. Periodic reporting (quarterly) for both revenue and capital expenditure will go to the Lead Chief Executive, and to the Joint Committee, as allowed within the Joint Committee schedule.
36. Project Managers (Capital) and Delivery Panel Leads (Revenue) are to report on progress against the budget approval by means of the Monitoring Progress Report to the Executive Director, or Programme and Information Manager (see Appendix 4). These should be completed and returned to the PUSH Programme and Information Manager (copied to SCC Finance) on a quarterly basis.
37. The final outturn against the approved budget will be reported to the Joint Committee as part of the Annual Statement of Accounts before the 30 June of the following financial year.
38. All budgets should be fully and properly accounted for, including local authority contributions, New Growth Point funds, SEEDA and any other resources payable to the Lead Authority for financial matters (SCC) on behalf of PUSH.

H. Audit

39. The Chief Financial Officer will arrange for the audit of PUSH accounts by an appropriate approved auditor.
40. The Annual Statement of Accounts is to be formally presented to the Joint Committee, as required by statute, before the 30 June of the following financial year.
41. All Parties must retain all original documentation necessary to ensure audit compliance.
42. The Chief Financial Officer will liaise with the auditor to ensure the financial systems and procedures associated with PUSH are acceptable.
43. The Chief Financial Officer shall have the right of access to any records as required by him to discharge his functions either under this Protocol, under the Joint Agreement, to meet any legal obligation or requirement placed upon him or for any other reasonable reason held by any Party to the Joint Agreement.

Version control:

| | | |
|----------|------------|--------------------|
| Date: | 25/11/2013 | |
| Version: | 18 | Author: L Franklin |



Partnership for Urban South Hampshire
PROJECT APPRAISAL

| 1. Project Details | | |
|----------------------------------|----------------------------------|--|
| Project Title | | |
| Project Manager | | |
| Contact Details | | |
| PUSH Delivery Panel | | |
| Summary of Proposed Project | | |
| Project Aims | | |
| Link to PUSH objectives | | |
| Key Outputs | | |
| Anticipated Outcomes | | |
| Expected start date | | |
| Expected end date | | |
| | | |
| Summary of Expected Costs | Total Project Costs £ | Funding Sources £ <i>(e.g. Developer contribution, local authority borrowing, specific grant to Lead Authority, PUSH funding*)</i> |
| Revenue | | |
| Fees | | |
| Expenses | | |
| Other | | |
| Total | | |

| | | | |
|--|--------------------------------|--------------------------------|--------------------------------|
| Capital | | | |
| Land | | | |
| Construction | | | |
| Fees | | | |
| Other | | | |
| Total | | | |
| Ongoing Revenue Consequences | | | |
| Total | | | |
| Source of PUSH funding element (e.g. Core, NGP, SEEDA) <i>*PUSH funding includes any grants payable to PUSH but excludes grants/funds payable directly to host/Lead Authority</i> | | | |
| Planned cash flow (PUSH contribution only) | 2013/14 £000s | 2014/15 £000s | 2015/16 £000s |
| Q1 | | | |
| Q2 | | | |
| Q3 | | | |
| Q4 | | | |
| Total | | | |

| 2. Appraisal of Options – projects over £100,000 only | | | | |
|--|----------|----------|----------|----------|
| Options identified | Option 1 | Option 2 | Option 3 | Option 4 |
| Evaluation criteria | | | | |
| Summary of indicative costs | | | | |
| Anticipated benefit | | | | |
| Preferred option | | | | |

| 3. Implementation Plan - projects over £100,000 only | |
|--|--|
| Key Milestone Dates (depending on project) | |
| Tenders issued | |
| Tenders returned | |
| Contract awarded | |
| Contract commence | |
| Critical path dates | |
| Contract finish | |
| | |
| Accountable Officer | |
| | |
| Reporting requirements | |
| Reporting to | |
| Frequency | |
| Resources required e.g. Staff time, equipment, materials | |

| 4. Approvals | | |
|---|-----------------------------|-----------------|
| Cost figures checked and agreed by Finance Department | Signed Finance Dept. | Date |
| Agreement that ongoing asset maintenance and revenue costs will be met by host local authority | Signed Finance Dept. | Date |
| Project Approved by Delivery Panel | Yes/No | Date of Meeting |
| Project Approved by Joint Committee (if required) | Yes/No | Date of Meeting |

Annex – Analysis of Risk

| No. | Summary of Risk Scoring: High = 3 Medium = 2 Low = 1 | Probability High Medium Low | Impact High Medium Low | Importance Prob. x Impact | Proposed Action |
|-----|---|--|-------------------------------------|-------------------------------------|-----------------|
| 1 | Funding (not received or less than expected) | | | | |
| 2 | Budget over/under (significant variations in spend against budget) | | | | |
| 3 | Missed milestones | | | | |
| 4 | Resources (staff, equipment etc not being available) | | | | |
| 5 | Outputs/Outcomes (Project objectives not being realized) | | | | |
| 6 | Other | | | | |



Partnership for Urban South Hampshire **GUIDANCE ON MAKING CLAIMS FOR REIMBURSEMENT OF EXPENDITURE**

Re-imbusement will be made by the PUSH Chief Financial Officer from the PUSH holding account on the following conditions:

- Expenditure is for work done on a capital project approved by PUSH Joint Committee, or within the approved revenue budget allocation for the Delivery Panel;
- Expenditure is certified to be within the budget approved by the PUSH Joint Committee or within the allowable tolerances as set out in the Financial Protocol.
- Claims must be made on the appropriate PUSH Claim for Re-Imbursement Form (appendix 3), and accompanied by a copy of the invoice paid together with evidence that the invoice has been paid by the claiming authority.
- In exceptional circumstances, re-imbusement may be made for part payment or in advance of receiving the invoice, in order to support the claiming authority's cash flow position. Such claims must be agreed in advance by the PUSH Chief Financial Officer or his representative.
- The original invoice, together with any supporting documentation, must be retained by the claiming authority, and made available for audit purposes.
- The claim must be certified by the nominated project manager, or lead chief executive for each theme, and authorised by the PUSH Executive Director.
- The claim should be net of VAT which will be reclaimed by the claiming authority from HMRC in accordance with their normal procedures.
- In the event that the project is terminated or otherwise not completed as set out in the Joint Committee approval, this must be reported to the PUSH Executive Director as soon as possible, and be subject of a report to the Joint Committee, which will determine what action to take to safeguard PUSH interests, which may include repayment of all or part of the grant, or sale of land or buildings acquired with the grant and return of those proceeds to PUSH.



**Partnership for Urban South Hampshire
CLAIM FOR REIMBURSEMENT OF EXPENDITURE**

| | |
|-----------------------------------|--|
| Claiming Authority | |
| PUSH Delivery Panel | |
| Project Name | |
| Project Manager | |
| Date of Joint Committee Approval | |
| Claim Number | |
| Total Approved Budget | |
| Total claimed prior to this claim | |

| Detail of Claim | £ |
|------------------------|----------|
| Land | |
| Construction | |
| Fees | |
| Other (please specify) | |
| | |
| | |
| | |
| Total of claim | |

PROJECT MANAGER DECLARATION

I certify that this claim is correct and in accordance with the project approval and budget as approved by the PUSH Joint Committee.

Signed

Date

Name (in capitals)

PUSH DECLARATION

I authorise the payment of this claim is correct.

Signed

Date

Name (in capitals)

FOR SOUTHAMPTON CITY COUNCIL FINANCE

| | | | |
|-----------------|--|-----------------|--|
| Date received | | Due Date | |
| Cost centre | | Account code | |
| Supplier ID | | Ref | |
| Date authorised | | Transaction no. | |



Partnership for Urban South Hampshire PROGRESS MONITORING REPORT

| | |
|----------------------------------|--|
| Claiming Authority | |
| PUSH Delivery Panel | |
| Project Name | |
| Project Manager | |
| Date of Joint Committee Approval | |
| Total Approved Budget | |

| | |
|--|--|
| Progress report to end (month/year) | |
| Approved budget for current year | |
| Total reimbursement claimed for current year to date | |
| Details of reimbursements received to date | |
| Details of outstanding orders raised | |
| Total value of outstanding orders raised | |

| |
|---|
| Project Progress Update from Previous Month (including explanation of exceptions and achievement of milestones etc) |
| |



Partnership for Urban South Hampshire
PROJECT COMPLETION FORM

To be submitted with the Final Claim for Re-imbusement for all capital and revenue projects

| 1. Project Details | | |
|--------------------------------------|----------|--------|
| Project Title | | |
| Project Manager | | |
| Contact Details | | |
| PUSH Delivery Panel | | |
| How have Project Aims been achieved? | | |
| Link to PUSH objectives | | |
| Key Outputs achieved | | |
| Outcomes | | |
| Start/finish dates | Expected | Actual |
| Start date | | |
| End date | | |
| | | |

| | Estimated Project Costs £ | Actual Project Costs £ |
|------------------------------|--------------------------------------|-----------------------------------|
| Revenue | | |
| Fees | | |
| Expenses | | |
| Other | | |
| Total | | |
| | | |
| Capital | | |
| Land | | |
| Construction | | |
| Fees | | |
| Other | | |
| Total | | |
| Ongoing revenue consequences | | |
| Total | | |

Comments on Project Outcomes and Reasons for Variations compared to Appraisal:

| | |
|-------------------------------------|------|
| Signed | Date |
| Project Manager | |
| Signed | Date |
| Delivery Panel Lead Chief Executive | |

PUSH Executive Director Comments on Project Outcomes

| | |
|-------------------------|------|
| Signed | Date |
| PUSH Executive Director | |