



Partnership for Urban South Hampshire

Statement of Accounts
2013/14

**PARTNERSHIP FOR URBAN SOUTH HAMPSHIRE
STATEMENT OF ACCOUNTS 2013/14**

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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 2014. 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 is as agreed with the Audit Commission. This foreword contains:

- a summary of the various statements which make up the 2013/14 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 uses as the basis for its audit opinion.

3. Summary of Statement of Accounts

The accounts for 2013/14 are set out on pages 6 to 18. 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 2014.
- 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.

In addition, the Annual Governance Statement, which reviews the effectiveness of the system of internal control, is included on pages 19 to 24.

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 2014 reflects a decrease of £683,097 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, and the Capital Programme in 2013/14 is funded from unspent balances carried forward from 2012/13. Revenue funding for 2013/14 was secured from 2013/14 partner contributions and carry forward of balances from 2012/13. Carry forward balances plus partner contributions will be used to fund the 2014/15 programme.

5. Where the money comes from

The Joint Committee's income in 2013/14 came from partner authority contributions and interest earned on day to day balances. See Table 1 below for details.

Table 1: Total Resources Available	2013/14 Budget Approved Mar 14 £000s	2013/14 Actual received £000s	2013/14 Under/ (Over) Spend £000s
<u>Revenue Funds</u>			
Core funding (local authorities)	162	162	0
Interest on balances	5	8	3
Other local authority funding	39	39	0
Income from LEP for PUSH Programme Support	0	6	6
Underspend c/f from previous year	948	948	0
Virement to capital	(15)	(15)	0
Sub-Total	1,139	1,149	10
<u>Capital Funds</u>			
Underspend c/f from previous year	1,001	1,001	0
Virement from revenue	15	15	0
Sub-Total	1,016	1,016	0
Total Resources	2,155	2,165	10

6. Overview of the year – revenue expenditure

The main components of the 2013/14 revenue budget and actual expenditure are set out in Table 2 below.

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

7. Overview of the year – capital expenditure

The main components of the 2013/14 capital budget and actual expenditure are set out in Table 3 below. The major project supported by PUSH funding in 2013/14 was Portsmouth Creative Industries.

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

8. Further information

Further information can be obtained about the accounts from Andrew Lowe, 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 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 did not receive any such grants in the year ended 31 March 2014.

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 by Southampton City Council on behalf of PUSH, 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 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 2013/14 were considered and approved at the Joint Committee meeting on 24 June 2014.

Councillor Seán Woodward

Chairman – Joint Committee

24 June 2014

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 2014 and its income and expenditure for the year ended 31 March 2014.

Andrew Lowe CPFA

Chief Financial Officer

24 June 2014

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.

2012/13		Note	2013/14	2013/14	2013/14
Total			Revenue	Capital	Total
£			£	£	£
(2,442,423)	General Fund Balance Brought Forward		(963,014)	(986,603)	(1,949,617)
492,806	Surplus(-)/Deficit(+) for the year on the Income and Expenditure Account		242,230	440,867	683,097
<u>(1,949,617)</u>	Balance on General Fund Carried Forward		<u>(720,784)</u>	<u>(545,736)</u>	<u>(1,266,520)</u>

BALANCE SHEET

2012/13		Note	2013/14
£			£
	Current Assets:		
0	Debtors	6	0
0	Payments in Advance		0
<u>2,049,720</u>	Cash		<u>1,332,192</u>
2,049,720	Total Current Assets		1,332,192
	Current Liabilities:		
100,103	Creditors	7	65,672
<u>0</u>	Receipts in Advance	8	<u>0</u>
100,103	Total Current Liabilities		65,672
<u>1,949,617</u>	Net Current (Liabilities)/Assets		<u>1,266,520</u>
	Financed By:		
	General Reserves:		
963,014	For Revenue Purposes		720,784
<u>986,603</u>	For Capital Purposes		<u>545,736</u>
<u>1,949,617</u>			<u>1,266,520</u>

CASH FLOW STATEMENT

2012/13 £		Note	2013/14 £
	<u>Revenue Activities</u>		
	Cash Outflows:		
401,901	Operating Costs		511,267
401,901			511,267
	Cash Inflows:		
(9,160)	Specific Government Grants		0
(431,188)	Other Income		(206,897)
(440,348)			(206,897)
(38,447)	Net Cash inflow(-)/outflow(+) from revenue activities	9	304,370
	<u>Returns on Investments and Servicing of Finance</u>		
	Cash Outflow:		
0	Interest Paid		0
	Cash Inflow:		
(13,145)	Interest Received		(8,372)
(13,145)	Net Cash inflow(-)/outflow(+) from Servicing of Finance		(8,372)
	<u>Capital Activities</u>		
	Cash Outflows:		
460,413	Grants for Capital Purposes		421,530
460,413			421,530
	Cash Inflows:		
0	Capital grants		0
0			0
460,413	Net Cash inflow(-)/outflow(+) from Capital Activities	10	421,530
408,821	Net Cash Inflow(-)/Outflow(+)		717,528

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

ANNUAL AUDIT RETURN

	Y/E 31 Mar 2014 £	Y/E 31 Mar 2013 £
1. Balances Brought Forward	1,949,617	2,442,423
2. Income From Local Taxation and/or Levy	0	0
3. Total Other Receipts	215,269	385,333
4. Staff Costs	0	0
5. Loan Interest/Capital Repayments	0	0
6. All Other Payments	898,366	878,139
7. Balances Carried Forward (1+2+3-4-5-6)	1,266,520	1,949,617
8. Total Cash and Short Term Investments	1,332,192	2,049,720
9. Total Fixed Assets and Long Term Assets	0	0
10. Total Borrowings	0	0

These figures have been used to populate Section 1 (Accounting Statements) of the Annual Return to the Audit Commission. This section of the return will be signed by the Chair at the meeting of the Joint Committee approving these accounting statements.

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

3. Partner Contributions to PUSH

Council	2013/14 £	2012/13 £
East Hampshire DC	1,891	3,152
Eastleigh BC	11,347	18,911
Fareham BC	11,347	18,911
Gosport BC	7,565	12,608
Hampshire CC	52,952	88,253
Havant BC	11,347	18,911
Portsmouth CC	35,932	59,886
Southampton CC	23,496	72,493
Test Valley BC	3,782	6,304
Winchester CC	1,891	3,152
Total Partner Contributions	161,550	302,581

4. Payments from PUSH to Partners

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

Council	2013/14 £	2012/13 £
Eastleigh BC	172,422	187,802
Gosport BC	69,790	164,525
Hampshire CC (inc TfSH)	22,209	16,136
Havant BC	31,857	0
Portsmouth CC	88,571	300,594
Southampton CC	81,320	113,472
Winchester CC	17,200	24,962
Total Payments to Partners	483,368	807,490

5. Grants Received by PUSH

- 5.1 No grants were received in 2013/14.

6. Debtors

- 6.1 No debtors were processed in 2013/14.

7. Creditors

	2013/14	2012/13
	£	£
HMRC & Government Departments	0	0
Other Local Authorities	64,072	96,603
Sundry Creditors	1,600	3,500
	65,672	100,103

8. Receipts in Advance

8.1 There were no receipts in advance in 2013/14.

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

	2013/14	2012/13
	£	£
Surplus(-)/Deficit(+) on Income & Expenditure Account	242,230	31,674
Increase(+)/Decrease(-) in Debtors	0	(68,160)
Increase(-)/Decrease(+) in Creditors	83,165	(15,105)
Increase(-)/Decrease(+) in Receipts in Advance	0	0
Less Interest Received	8,372	13,145
Net Cash inflow(-)/outflow(+) from revenue activities	333,767	(38,446)

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

	2013/14	2012/13
	£	£
Surplus(-)/Deficit(+) on Income & Expenditure Account	440,867	461,132
Increase(+)/Decrease(-) in Debtors	0	0
Increase(-)/Decrease(+) in Creditors	(48,734)	(719)
Increase(-)/Decrease(+) in Receipts in Advance	0	0
Net Cash inflow(-)/outflow(+) from capital activities	392,133	460,413

11. Reconciliation of the Movement in Cash

	2013/14	2012/13
	£	£
Increase(+)/Decrease(-) in Cash	(717,528)	(408,821)
Represented by:		
Net Movement from Revenue	(304,370)	38,447
Net Movement from Capital	(421,530)	(460,413)
Net Movement from returns on investment	8,372	13,145

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 to the Audit Commission of £1,600 for the audit of the 2012/13 Statement of Accounts. The fee for the audit of the 2013/14 Statement of Accounts is expected to be of a similar value.

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 24 June 2014 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.
- 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 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.

1.3 Southampton City Council is the lead authority for financial matters, and Southampton City Council’s Head of Finance is 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/priorities/financial-information.htm>

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 2014 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 2014/16 Business Plan is to be considered by the Joint Committee 24th June 2014.

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:

http://www.southampton.gov.uk/Images/Code%20of%20Corporate%20Governance%20-%202013_tcm46-356550.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:

- 3.4 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>

- 3.5 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 6 June 2013. It subsequently revised those allocations into firm budgets at its meeting of 28 January 2014.

- 3.6 Monitoring reports are considered by the Joint Committee on broadly a quarterly basis.

3.7 These reports are available at:

http://www.push.gov.uk/work/latest_joint-committee/2013_14_joint_committees.htm

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

3.8 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.

3.9 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:

3.10 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.

3.11 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:

3.12 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.

3.13 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.

3.14 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:

3.15 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:

- 3.16 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:

- 3.17 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.
- 3.18 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:

- 3.19 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:

- 3.20 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 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:

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

9. Internal audit

- 9.1 The Joint Committee does not operate an Internal Audit function. However, the Southampton City Council / Hampshire County 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, 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.

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.

24 June 2014

Signed _____

Gloria Ighodaro, Interim Executive Director.

24 June 2014