



## Report to the Partnership for South Hampshire Overview and Scrutiny Committee

**Date:** 29 June 2022  
**Report of:** John Harrison, Executive Director - Finance and Commercialisation  
**Subject:** Revenue Budget Monitoring and Statement of Accounts 2021/22

### SUMMARY

The report to Joint Committee will summarise the outturn against the budget for the financial year 2021/22 and will include presentation of the Statement of Accounts 2021/22 for Joint Committee approval. This report will also update the revenue budgets for 2022/23 based on the outturn position.

### RECOMMENDATION

It is RECOMMENDED that the Overview and Scrutiny Committee:-

- a) NOTE the contents of the Revenue Budget Monitoring report and Statement of Accounts 2021/22;
- b) NOTE that Joint Committee will be asked to:-
  - i) NOTE the outturn for the financial year 2021/22
  - ii) APPROVE the Statement of Accounts for the 2021/22 financial year and the Annual Governance Statement
  - iii) NOTE the revenue budget for 2022/23 as set out in the report; and
- c) consider any comments to be passed to the Joint Committee for consideration.

## INTRODUCTION

1. The report will set out, as outlined below, the final outturn expenditure position against the budget for 2021/22 and presents the revenue budget for the financial year 2022/23.

## RESOURCES

2. Table 1 below shows the estimated PfSH resources that were expected to be available for 2021/22, the actual income received and the expected resources available for 2022/23.
3. The expected resources for the financial year 2022/23 are the partnership balances carried forward from 2021/22, in-year partnership contributions and the expected interest on balances held by SCC on behalf of PfSH.
4. The totals for capital and revenue resources are the control totals for the budgets detailed below.

**Table 1: Total Resources Available**

	<b>2021/22</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>Approved</b>	<b>Actual</b>	<b>Proposed</b>
	<b>Budget</b>	<b>received</b>	<b>Budget</b>
		<b>to end</b>	
		<b>Mar 21</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<u>Revenue Funds</u>			
Core funding (local authorities)	76	76	126
Other contributions	0	0	0
Interest on balances	0	1	0
Unallocated balances	154	154	123
<b>Total</b>	<b>230</b>	<b>231</b>	<b>249</b>

5. There are proposed partner contributions for 2022/23 of £125,500 following approval by the Joint Committee in February 2022. Interest rates recovered slightly in the year so the balances held by PfSH earned £518 in 2021/22 compared to £98 in the previous year.

## FINAL OUTTURN 2021/22 - REVENUE

6. Table 2 below sets out the revenue budget for 2021/22, approved by the Joint Committee in July 2021 and the actual outturn.

**Table 2: Revenue Allocations 2021/22**

	<b>2021/22</b>	<b>2021/22</b>	<b>2021/22</b>
	<b>Approved</b>	<b>Spend</b>	<b>Under/</b>
	<b>Budget</b>	<b>to end</b>	<b>(Over)</b>
		<b>Mar 21</b>	<b>Spend</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Culture, Creative Industries & the Built Environment	13	13	0
Greenprint for South Hampshire contribution	20	20	0
Core Projects & Central Costs	75	75	0
<b>Total Core and Panel Budgets</b>	<b>108</b>	<b>108</b>	<b>0</b>

7. The **unallocated balances** are the revenue reserves of the partnership. These are maintained to enable the partnership to have resources available to react to potential future opportunities as they arise.

**Table 3: Unallocated Balances**

	<b>£000</b>
Balance brought forward into 2021/22	154
To fund 2021/22 expenditure	(108)
Contribution income 2021/22	76
Interest income 2021/22	1
<b>Balance at end of 2021/22</b>	<b><u>123</u></b>

8. Updates on the work of the delivery panels are included in the Co-ordinator's report to each of the Joint Committee meetings. A report on the activities of the **Culture, Creative Industries & the Built Environment** was presented to the Joint Committee in February 2022.
9. The **Core Projects & Central Costs** budget reflects commitments relating to staffing costs and other ongoing revenue activities led by the PfSH central team.
10. **Unallocated Balances** - There were no additional allocations to delivery panels during the year from unallocated balances. The balance will be used to fund potential future work of the partnership as and when opportunities arise.

#### **FINAL OUTTURN 2021/22 - CAPITAL**

11. There was no capital expenditure during 2021/22, however, capital grant funding of £390,000 was returned by PfSH.
12. The funding was originally received in 2016/17 as part of the Solent Growth Deal for recreation mitigation projects. One project at Horsea Island was unable to be completed in the timeframe stipulated in the grant agreement. Under the terms of the grant, the funding was returned following a request from the grant provider. Portsmouth City Council had received £121,000 in interim payments for the project from PfSH. This was returned to the partnership in 2021/22 and repaid to the grant provider as part of the £390,000.
13. PfSH now holds no capital resources following the completion of all other capital projects in the previous financial year 2020/21.

#### **2021/22 STATEMENT OF ACCOUNTS**

14. The Statement of Accounts for the 2021/22 financial year and the Annual Governance Statement are presented for approval in Appendix 1. These statements have been reviewed by internal audit and, based on the testing conducted, assurance has been given that adequate financial systems and controls are in place for the administration of the PfSH accounts.

## REVENUE BUDGET 2022/23

15. The revenue budget allocations for 2022/23 are shown in table 4. This is based on the 2022/23 budget as approved by the Joint Committee in February 2022. The Core and Panel budgets are unchanged but there is a minor change in the value of the unallocated balances following year-end.

	<b>2022/23 Budget Allocation £000</b>
Culture, Creative Industries & the Built Environment	28
Core Projects & Central Costs	98
<b>Total Core and Panel Budgets</b>	<b>126</b>

16. It is proposed that an **Unallocated Balance** of around £120,000 will be maintained to enable the partnership to have resources available to react to potential future opportunities as they arise.

**Table 5: Unallocated balances**

	<b>£000</b>
<b>Balance at end of 2021/22</b>	<b>123</b>
To fund 2022/23 budget	(126)
Contribution income 2022/23	126
Interest income 2022/23	0
<b>Forecast balance at end of 2022/23</b>	<b>123</b>

## RECOMMENDATION

It is RECOMMENDED that the Overview and Scrutiny Committee:-

- a) NOTE the contents of the Revenue Budget Monitoring report and Statement of Accounts 2021/22;
- b) NOTE that Joint Committee will be asked to:-
  - iv) NOTE the outturn for the financial year 2021/22
  - v) APPROVE the Statement of Accounts for the 2021/22 financial year and the Annual Governance Statement
  - vi) NOTE the revenue budget for 2022/23 as set out in the report; and
- c) consider any comments to be passed to the Joint Committee for consideration.

**Background Papers:**

Appendix 1 - Statement of Accounts for the 2021/22 financial year and the Annual Governance Statement

Joint Committee 14 February 2022 – Item 8: Budget Report

Joint Committee 14 February 2022 – Item 12: The Future Operations of the Culture, Creative Industries and Built Environment Panel

**Enquiries:**

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# Partnership for South Hampshire

## Statement of Accounts 2021/22

**PARTNERSHIP FOR SOUTH HAMPSHIRE  
STATEMENT OF ACCOUNTS 2021/22**

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## **EXPLANATORY FOREWORD**

### **1. Introduction**

This document contains the Partnership for South Hampshire's (PfSH) Statement of Accounts for the year ended 31 March 2022.

This foreword contains:

- a summary of the various statements which make up the 2021/22 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. Summary of Statement of Accounts.**

The accounts for 2021/22 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 2022.
- Cash Flow Statement - this summarises cash coming in or going out from transactions with others for revenue and capital purposes.

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

### **3. Overall financial position**

As PfSH 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 PfSH programmes. The balance sheet position as at 31 March 2022 reflects a decrease of £301,000 compared to the previous year.

Revenue funding for 2020/21 was made up of carried forward of balances from 2020/21 and in year partner contributions.

Carry forward balances from 2021/22 will be used to part fund the 2022/23 programme. Subscriptions will continue in 2022/23 as agreed by the Joint Committee on 14th February 2022. This will enable the partnership to fund committed projects, undertake work in 2022/23 and also maintain an appropriate level of resources in reserves.

#### 4. Where the money comes from

The Joint Committee's income in 2021/22 came from the carry forward of balances along with interest earned on those balances. Interest rates recovered slightly during 2021/22 so the balances held by PfSH earned £518 in 2021/22 compared to only £98 in the previous year.

Table 1: Total Resources Available	2021/22	2021/22	2021/22
	Approved Budget	Actual received	Difference
	£000s	£000s	£000s
<u>Revenue Funds</u>			
Core funding (local authorities)	76	76	0
Other contributions			
Interest on balances		1	1
Unallocated balances	154	154	0
<b>Total</b>	<b>230</b>	<b>231</b>	<b>1</b>

#### 5. Overview of the year – revenue expenditure

The main components of the 2021/22 revenue budget and actual expenditure are set out in Table 2 below.

Table 2 Revenue Allocations	2021/22	2021/22	2021/22
	Approved Budget	Total Spend	Under/ (Over) Spend
	£000s	£000s	£000s
Culture, Creative Industries and the Built Environment	13	13	0
Greenprint for South Hampshire contribution	20	20	0
Core Projects & Central Costs	75	75	0
<b>Total</b>	<b>108</b>	<b>108</b>	<b>0</b>

#### 6. Unallocated Balances

The unallocated balances are the revenue reserves of the partnership. These are maintained to enable the partnership to have resources available to react to potential future opportunities as they arise.

	£000
Balance brought forward into 2021/22	154
To fund 2021/22 expenditure	(108)
Contribution income 2021/22	76
Interest income 2021/22	1
<b>Balance at end of 2021/22</b>	<b>123</b>

## **7. Overview of the year – capital expenditure**

There was no capital expenditure during 2021/22, however, capital grant funding of £390,000 was returned by PfSH. The funding was originally received in 2016/17 as part of the Solent Growth Deal for recreation mitigation projects. One project at Horsea Island was unable to be completed in the timeframe stipulated in the grant agreement. Under the terms of the grant, the funding was returned following a request from the grant provider. Portsmouth City Council had received £121,000 in interim payments for the project from PfSH. This was returned to the partnership in 2021/22 and repaid to the grant provider as part of the £390,000. PfSH now holds no capital resources following the completion of all other capital projects in the previous financial year 2020/21.

## **8. Further information**

Further information can be obtained about the accounts from John Harrison, the Chief Financial Officer to the Partnership for South Hampshire Joint Committee at the Finance Department, Southampton City Council, The Civic Centre, Southampton, Hampshire, S014 7LY, telephone 023 8083 4897 or Email [john.harrison@southampton.gov.uk](mailto:john.harrison@southampton.gov.uk).

## **STATEMENT OF ACCOUNTING POLICIES**

### **1. General principles**

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

### **2. Debtors and creditors**

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

### **3. Reserves and provisions**

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

### **4. Non-current Assets**

- 4.1 PfSH does not own any non-current 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 PfSH did not received any grants during 2021/22.

### **6. Financial Instruments**

- 6.1 In accordance with Financial Reporting Standard (FRS 102) 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 PfSH activities, and has not been re-allocated to any specific PfSH activity.

## **8. Service Expenditure Analysis**

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

## **9. Accounting for VAT**

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

## **10. Interest**

- 10.1 Interest is calculated using the 6-month gilt yield average interest rate on the average fund balance held by Southampton City Council on behalf of PfSH.

## **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 2021/22 were considered and approved at the Joint Committee meeting on 5<sup>th</sup> July 2022

**Councillor Seán Woodward**

Chairman – Joint Committee

5<sup>th</sup> July 2022

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

### **1. The Chief Financial Officer's responsibilities**

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

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

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

The Chief Financial Officer has also:

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

### **2. The Chief Financial Officer's statement**

I certify that the Statement of Accounts presents fairly the financial position of the Partnership for South Hampshire as at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.

**John Harrison**

Chief Financial Officer

5<sup>th</sup> July 2022

## INCOME AND EXPENDITURE ACCOUNT

Net Expenditure 2020/21 £		Revenue Expenditure £	Specific Income £	Net Revenue Expenditure £	Payments for Capital Purposes £	Net Expenditure 2021/22 £
	<b>Cultural, Environmental and Planning Services:</b>					
37,500	Culture, Creative Industries & The Built Environment	12,500		12,500		12,500
268,507	Local Growth Deal (Solent Recreation Mitigation Project)				(121,093)	(121,093)
<b>306,507</b>		<b>12,500</b>		<b>12,500</b>	<b>(121,093)</b>	<b>(108,593)</b>
	<b>Corporate and Democratic Core:</b>					
80,766	Central Costs	95,515		95,515		95,515
<b>80,766</b>		<b>95,515</b>		<b>95,515</b>		<b>95,515</b>
<b>386,773</b>	<b>Net Cost of Services</b>	<b>108,015</b>		<b>108,015</b>	<b>(121,093)</b>	<b>(13,078)</b>
(98)	Interest Received					(518)
<b>386,675</b>	<b>Net Operating Expenditure</b>					<b>(13,596)</b>
(75,750)	Partnership Contributions					(75,750)
	Local Growth Deal (Solent Recreation Mitigation Project)					390,000
<b>310,925</b>	<b>Surplus(-)/Deficit(+) for Year</b>					<b>300,654</b>

**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.

<b>2020/21 Total £</b>		<b>2021/22 Revenue £</b>	<b>2021/22 Capital £</b>	<b>2021/22 Total £</b>
(734,805)	General Fund Balance Brought Forward (Restated)	(154,973)	(268,907)	(423,881)
310,925	Surplus(-)/Deficit(+) for the year on the Income and Expenditure Account	31,747	268,907	300,654
<hr/> <b>423,881</b> <hr/>	<b>Balance on General Fund Carried Forward</b>	<hr/> <b>123,227</b> <hr/>	<b>0</b>	<hr/> <b>123,227</b> <hr/>

## BALANCE SHEET

2020/21		2021/22
£		£
	<b>Current Assets:</b>	
23,600	Debtors	22,700
587,461	Cash	117,027
<u>611,061</u>	<b>Total Current Assets</b>	<u>139,727</u>
	<b>Current Liabilities:</b>	
187,180	Creditors	16,500
<u>187,180</u>	<b>Total Current Liabilities</b>	<u>16,500</u>
<u>423,881</u>	<b>Net Current (Liabilities)/Assets</b>	<u>123,227</u>
	<b>Financed By:</b>	
	<b>General Reserves:</b>	
154,973	For Revenue Purposes	123,227
268,907	For Capital Purposes	0
<u>423,881</u>		<u>123,227</u>

## CASH FLOW STATEMENT

2020/21 £		2021/22 £
	<b><u>Revenue Activities</u></b>	
	<b>Cash Outflows:</b>	
118,671	Operating Costs	278,695
<u>118,671</u>		<u>278,695</u>
	<b>Cash Inflows:</b>	
(92,650)	Other Income	(76,650)
<u>(92,650)</u>		<u>(76,650)</u>
<u>26,021</u>	<b>Net Cash inflow(-)/outflow(+) from revenue activities</b>	<u>202,045</u>
	<b><u>Returns on Investments and Servicing of Finance</u></b>	
	<b>Cash Inflow:</b>	
(98)	Interest Received	(518)
<u>(98)</u>	<b>Net Cash inflow(-)/outflow(+) from Servicing of Finance</b>	<u>(518)</u>
	<b><u>Capital Activities</u></b>	
	<b>Cash Outflows:</b>	
107,927	Grants for Capital Purposes	(121,093)
<u>107,927</u>		<u>(121,093)</u>
	<b>Cash Inflows:</b>	
	Capital grants	390,000
<u>107,927</u>	<b>Net Cash inflow(-)/outflow(+) from Capital Activities</b>	<u>268,907</u>
<u>133,849</u>	<b>Net Cash Inflow(-)/Outflow(+)</b>	<u>470,434</u>

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

## ANNUAL AUDIT RETURN

	Y/E 31 Mar 2022 £	Y/E 31 Mar 2021 £
<b>1. Balances Brought Forward</b>	<b>423,881</b>	<b>734,805</b>
2. Income From Local Taxation and/or Levy		
3. Total Other Receipts	(313,732)	75,849
4. Staff Costs		
5. Loan Interest/Capital Repayments		
6. All Other Payments	(13,078)	(386,773)
<b>7. Balances Carried Forward (1+2+3-4-5-6)</b>	<b>123,227</b>	<b>423,881</b>
8. Total Cash and Short Term Investments	117,027	587,461
9. Total Fixed Assets and Long Term Assets		
10. Total Borrowings	6,200	(163,580)

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 1. Apportionment of Costs from Corporate and Democratic Core

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

### 2. Interest Received

- 2.1 Interest is calculated using the 6 month gilt yield average interest rate on the average fund balance held by Southampton City Council on behalf of PfSH.

### 3. Partner Contributions to PfSH

- 3.1 The table below shows the contributions made by each partner in 2021/22.

<b>Council</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>£</b>	<b>£</b>
East Hampshire District Council	900	900
Eastleigh Borough Council	5,200	5,200
Fareham Borough Council	5,200	5,200
Gosport Borough Council	3,500	3,500
Hampshire County Council	22,700	22,700
Havant Borough Council	5,200	5,200
New Forest District Council	3,500	3,500
New Forest National Park Authority	750	750
Portsmouth City Council	15,700	15,700
Southampton City Council	10,500	10,500
Test Valley Borough Council	1,700	1,700
Winchester City Council	900	900
	<b>75,750</b>	<b>75,750</b>

### 4. Payments from PfSH to Partners

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

<b>Council</b>	<b>2021/22</b>	<b>2020/21</b>
	<b>£</b>	<b>£</b>
Fareham BC		1,588
Hampshire CC		
Havant BC		221,023
Portsmouth CC	332,422	73,267
Southampton CC	12,000	59,484
Winchester CC		
<b>Total Payments to Partners</b>	<b>344,422</b>	<b>355,361</b>

## 5. Grants Received by PfSH

5.1 PfSH received no grant funding during 2021/22.

## 6. Debtors

	2021/22	2020/21
	£	£
Other Local Authorities	22,700	23,600
	<b>22,700</b>	<b>23,600</b>

## 7. Creditors

	2021/22	2020/21
	£	£
Other Local Authorities	16,500	177,180
Sundry Creditors	0	10,000
	<b>16,500</b>	<b>187,180</b>

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

	2021/22	2020/21
	£	£
Surplus(-)/Deficit(+) on Income & Expenditure Account	31,747	42,418
Increase(+)/Decrease(-) in Debtors	(900)	(16,900)
Increase(-)/Decrease(+) in Creditors	170,680	404
Increase(-)/Decrease(+) in Receipts in Advance		
Less Interest Received	518	98
Net Cash inflow(-)/outflow(+) from revenue activities	<b>202,045</b>	<b>26,021</b>

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

	2021/22	2020/21
	£	£
Surplus(-)/Deficit(+) on Income & Expenditure Account	268,907	268,507
Increase(+)/Decrease(-) in Debtors		
Increase(-)/Decrease(+) in Creditors		(160,580)
Increase(-)/Decrease(+) in Receipts in Advance		
Net Cash inflow(-)/outflow(+) from capital activities	<b>268,907</b>	<b>107,927</b>

## 10. Reconciliation of the Movement in Cash

	2021/22	2020/21
	£	£
Increase(+)/Decrease(-) in Cash	(470,434)	(133,849)
Represented by:		
Net Movement from Revenue	(202,045)	(26,021)
Net Movement from Capital	(268,907)	(107,927)
Net Movement from returns on investment	518	98

## 11. Financial Instruments

- 11.1 In accordance with Financial Reporting Standard (FRS 102) debtors, payments in advance and temporary lending are classified as loans and receivable financial instruments. Creditors (note 7), receipts in advance 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.
- 11.2 Credit risk arises from deposits with other institutions, as well as credit exposures to PfSH's debtors. As surplus cash is temporarily invested with Southampton City Council, PfSH is exposed to minimal risk. PfSH's debtors are generally other public sector bodies.
- 11.3 PfSH 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.
- 11.4 In summary, the risks to which PfSH 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.

## 12. Authorisation to Issue the Accounts

- 12.1 These Accounts were authorised for issue on 5<sup>th</sup> July 2022 by the Chief Financial Officer, and events after the balance sheet date have been considered to this date.

## 13. 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.

#### **14. Related Party Transactions**

- 14.1 PfSH is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence PfSH or to be controlled or influenced by PfSH. Disclosure of these transactions allows readers to assess the extent to which PfSH 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 PfSH. There were no related party transactions.
- 14.2 Central government has effective control over the operations of PfSH - it is responsible for providing the statutory framework within which PfSH operates and has provided the majority of its funding in the form of grants.
- 14.3 Members of the Joint Committee have direct control over PfSH'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 (“PfSH”) is a Joint Committee comprising 11 local authorities and one National Park Authority (“the Councils”). The primary governance arrangements that apply directly to those members and officers of the Councils who are engaged in PfSH activities are those maintained by their own individual local authority (for example, Codes of Conduct). The relationship between the Councils in respect of PfSH 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:

<https://www.PUSH.gov.uk/partnership/working-arrangements/governance/>

1.2 Southampton City Council’s Service Director: Legal & Business Operations has also been appointed as the Lead Advisor on legal and constitutional issues for PfSH, and also the statutory Monitoring Officer for PfSH. As such, the Southampton City Council governance arrangements take precedence, and form the basis of PfSH’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 Executive Director - Finance and Commercialisation is also the statutory Chief Financial Officer (“CFO”) for PfSH.

1.4 PfSH (“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 15 October 2021, and the report is available at:

[\(Public Pack\)Agenda Document for Partnership for South Hampshire \(PfSH\) Joint Committee, 25/10/2021 18:00 \(push.gov.uk\)](#)

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

<https://www.PUSH.gov.uk/wp-content/uploads/2018/07/Item-7-Annex-A-Revised-Financial-Protocols.pdf>

### 2. The purpose of the governance framework

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

- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place for the Joint Committee for the year ended 31 March 2022 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 sets out objectives for growing prosperity and improving the quality of life. Those objectives need to be translated into actions that will deliver change. PfSH's Business Plan sets out how the sub-regional strategy is to be delivered. The 2021 - 2025 Business Plan was considered by the Joint Committee 15th October 2021.

#### **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 PfSH follows Southampton's governance arrangements (its Constitution etc), Southampton's CCG reflects and represents PfSH's governance arrangements. The full document is published on the City Council's internet site at:

<https://www.southampton.gov.uk/media/fsinhz4z/code-of-corporate-governance-feb-2021.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 PfSH's overall approach to secure on-going improvements across a wide range of services that are provided to local residents and businesses.
- 3.5 The Joint Committee set budget allocations across the Delivery Panels and covering the core PfSH organisational costs at its meeting of 27th July 2021.
- 3.6 Budget monitoring reports are considered by the Joint Committee periodically through the year.
- 3.7 These reports are available at:

<https://www.PUSH.gov.uk/work/our-meetings/joint-committee/>

**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 PfSH 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 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 PfSH 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 PfSH.

**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, PfSH 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 PfSH has established a Communications Strategy. In addition, the Joint Committee is able to draw on the existing communication channels of the Councils.

**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 appropriate officers.
- 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

**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 PfSH 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 and the Statement of Accounts.

## **8. Internal audit**

- 8.1 The Joint Committee does not operate an Internal Audit function. However, the Southampton City Council / Portsmouth City Council shared internal audit service undertakes an assurance role that provides an independent and objective opinion to the CFO and to the external auditor that adequate financial systems and controls are in place. The audit plan for PfSH is agreed with the CFO.

## **9. Other review/assurance mechanisms.**

- 9.1 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 framework: "Delivering Good Governance in Local Government".

## **10. Significant governance issues**

- 10.1 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.
- 10.2 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.

5<sup>th</sup> July 2022

Signed \_\_\_\_\_

Paddy May, PfSH Co-ordinator.

5<sup>th</sup> July 2022