



Transport for South Hampshire

Statement of Accounts
2010/11

**TRANSPORT FOR SOUTH HAMPSHIRE
STATEMENT OF ACCOUNTS 2010/11**

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EXPLANATORY FOREWORD

1. Introduction

This document contains Transport for South Hampshire's (TfSH) Statement of Accounts for the year ended 31 March 2011.

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

- a summary of the various statements which make up the 2010/11 accounts.
- a broad picture of where the money comes from and what it is spent on; and
- a summary of the revenue expenditure on services and capital expenditure on new assets over the course of the year.

2. Smaller Bodies Audit

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

3. Summary of Statement of Accounts

The accounts for 2010/11 are set out on pages 4 to 24. They consist of:

- Statement of Accounting Policies – sets out the policies adopted by the Joint Committee in preparing the accounts.
- Annual governance statement – which reviews the effectiveness of the system of internal control.
- Statement of responsibilities for the statement of accounts – records the respective responsibilities of the Joint Committee and Treasurer.
- 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 the General Fund Balance – discloses the adjustments necessary to determine the movement on the General Fund Balance.
- Balance Sheet – this sets out the financial position on 31 March 2011.
- Cash Flow Statement – this summarises cash coming in or going out from transactions with others for revenue and capital purposes.

4. Overall Financial position

As TfSH 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 TfSH programmes. The balance sheet position as at 31 March 2011 reflects a decrease of £2,628 compared to the previous year. Funding for TfSH revenue activities mainly comes from partner contributions, and existing commitments extending into 2012/13 have been identified from future partner contributions and contingency provisions. Capital funding mainly comes from PUSH New Growth Point and an allocation for 2011/12 is provisionally agreed by the PUSH Joint Committee.

5. Where the money comes from

The Joint Committee's income comes from Local Authority partner contributions and also central government via Partnership for South Hampshire (PUSH) contribution in the form of New Growth Point Funding. Interest is also earned on day to day balances. See Table 1. below for details.

Table 1 – TfSH Resources 2010/11

	Total Funds 2010/11 £'000	Indicative Funding 2011/12 as at April 2011 £'000
Revenue funds		
Core Partner contributions (local authorities)	680	200
Balance b/f from previous year	563	560
PUSH contribution	250	0
Other external income	38	0
South East England Partnership Board (SEEPB)	16	0
Interest on balances	2	0
Total	1,549	760
Capital funds		
Balance b/f from previous year	0	0
PUSH contribution	167	530
Total	167	530

Plus £427,000 directly claimed by PCC for work on Tipner.

6. Overview of the year – revenue account

TfSH's final adjusted cash was £1.549m which was £145,000 lower than the revised budget, mainly due to lower contributions from partners, offset by lower matching expenditure. Total expenditure for the year was £988,773. The main components of the 2010/11 revenue budget and actual expenditure are set out in Table 2 below.

The total revenue budget for 2010/11 was £1,549,000 compared to £1,256,000 in 2009/10. During 2010/11 additional support staff were recruited to strengthen the ability of TfSH to deliver its objectives, this includes work on various transport related studies and developing the evidence base. The original revenue budget allocation for 2011/12 has been set at £760,000.

Table 2

Budget Heading	Revised Budget £'000	Cash Limited Adjusted Budget £'000	Actual Spend £'000	Variation £'000
Wider Bus Rapid Transit studies	135	135	135	0
Eastern access to Southampton	90	90	89	-1
Sub-regional Smartcards	50	50	40	-10
Developing the evidence base	547	547	509	-38
SDA – M27 Parallel studies	48	48	48	0
Office Staff and Support / Finance / Audit etc	265	265	140	-125
Public Relations and Marketing	4	4	4	0
Havant Bus Study	5	5	5	0
Southampton Port Masterplan	15	15	15	0
Reduce Strategy	0	0	4	4
Contingency / Carry Forward	535	390	0	-390
Total	1,684	1,549	989	-560

7. Overview of the year – capital account

In 2010/11 TfSH directly spent £167,000 on capital projects – see Table 3 below, with a further £427,000 spent on the M275 at Tipner, but this was directly claimed by the partner (Portsmouth City Council). This is compared to £3,547,184 spend on capital schemes in 2009/10. The major spend was on M27 Junction 5 Phase 1 improvements, and design works relating to the M275 slip road improvements at Tipner.

Table 3

Scheme	Revised Budget Allocation 2010/11 £'000	Actual Grant Received 2010/11 £'000	Actual Spend 2010/11 £'000	Lead Authority
M27 Junction 5 – Phase 1	167	167	167	HCC
Total	167	167	167	
Note*				
Tipner – Preliminaries and Design Works of M275 Slip Road	427	427	427	PCC

8. Further information

Further information can be obtained about the accounts from the Treasurer to the Transport for South Hampshire Joint Committee at the County Treasurer's Department, Hampshire County Council, The Castle, Winchester, Hampshire, SO23 8UB, telephone (01962 846931), or email roly.fitzgerald@hants.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 TfSH currently maintains no such reserves or provisions.

4. Fixed assets

- 4.1 TfSH does not own any fixed assets.

5. Specific revenue government grants

- 5.1 Government grants for specific purposes are included in the accounts on the basis of the grant conditions that apply. These grants are shown against the relevant service in the Income and Expenditure Account.

6. Financial Instruments

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

7. Service Expenditure Analysis

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

8. Accounting for VAT

8.1 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.

9. Interest

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

10 Liquid Resources and Cash

10.1 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.

11 Fair Value

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

ANNUAL GOVERNANCE STATEMENT

1. SCOPE OF RESPONSIBILITY

Transport for South Hampshire (“TfSH”) is a Joint Committee comprising three local authorities (“the Councils”). The purpose of TfSH is to coordinate the transport requirements of Hampshire County Council, Portsmouth City Council and Southampton City Council in the wider context of South Hampshire, to meet existing and future transport needs in the sub-region. The primary governance arrangements that apply directly to those members and officers of the Councils who are engaged in TfSH activities are those maintained by their own individual local authority (for example, Codes of Conduct). The relationship between the Councils in respect of TfSH 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://www3.hants.gov.uk/tfsh-legal-agreement.pdf>

Southampton City Council’s Solicitor to the Council (and their Monitoring Officer) has also been appointed as the Lead Advisor on legal and constitutional issues for TfSH, and also the statutory Monitoring Officer for TfSH. As such, the Southampton City Council governance arrangements take precedence, and form the basis of TfSH’s governance framework for the operation of the Joint Committee and its activities.

Hampshire County Council has been appointed as the lead authority for financial matters and the County Treasurer is the statutory Chief Financial Officer (“CFO”) for TfSH. As such, Hampshire County Council’s financial regulations take precedence, and form the basis of TfSH’s own financial protocols.

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

In addition to the Agreement, the Joint Committee has established financial protocols (“the Protocols”) for TfSH. The latest version of the Protocols were reviewed in June 2010. The documents are available at:

<http://www.hants.gov.uk/decisions/decisions-docs/081017-tshjcc-R1010111724.html>
<http://www.hants.gov.uk/decisions/decisions-docs/090429-tshjcc-R0422154443.html>

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Joint Committee's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

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

3. THE GOVERNANCE FRAMEWORK

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

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

The sub-regional strategy for South Hampshire sets out objectives to provide sustained economic vitality and viability with a high quality of life for all. Transport for South Hampshire will develop an integrated transport network that supports these key principles at a time of economic and housing growth.

Those objectives need to be translated into actions that will deliver change. TfSH's Business Plan sets out how the sub-regional strategy is to be delivered. The Joint Committee at its meeting of 30 June 2009, agreed the adoption of the 2009 -11 Business Plan which runs out in May 2011, which is available from:

<http://www.hants.gov.uk/decisions/decisions-docs/090630-tshjcc-R0623162750.html>

<http://www.hants.gov.uk/decisions/decisions-docs/090630-tshjcc-R0623162718.html>

<http://www.hants.gov.uk/decisions/decisions-docs/090630-tshjcc-R0623162723.html>

The 2011/12 Workplan and the development of the 2011/13 Business Plan was agreed at the Joint Committee of 20 April 2011 and can be found at the following link:

http://www3.hants.gov.uk/getdecisiondocumentfile?item_doc_ID=6688&file=Rpt - Budget 2010-11 and 2011-12.pdf&type=pdf

In addition to the Business Plan, the Joint Committee approved a “TfSH Statement: Towards Delivery” in April 2008, as the basis of the transport strategy and the packages of interventions required in order to deliver the growth agenda.

TfSH has been working with the South East England Partnership Board and the Regional Transport Board on Developing a Sustainable Transport Strategy (DaSTS) for the sub-region, and has embarked on producing a new Local Transport Plan (LTP3) for submission by March 2011.

TfSH is the transport delivery agency for the South Hampshire sub-region in respect of high level strategy, policy formulation, project prioritisation and development, and as a conduit to secure and distribute financial resources. It covers Portsmouth, Southampton and part of Hampshire. This TfSH Statement sets out issues and priorities for the area in the context of planned growth. There are three main strands of the strategy: Reduce-Manage-Invest. All can work together to enable the planned growth and to deliver the development sites identified.

The report and Statement are available at:

<http://www.hants.gov.uk/decisions/decisions-docs/080414-tshjcc-R0408161647.html>
<http://www3.hants.gov.uk/tfsh-towards-delivery-april-2008.pdf>

TfSH is a part of the South Hampshire Agreement which is the Multi Area Agreement (“MAA”) for South Hampshire. The MAA as a whole has been led by PUSH, whilst the transport element has been led and prepared by TfSH.

The MAA proposes a total of eight outcomes and eight enabling measures. With these in place, PUSH and its key partners – Job Centre Plus, Learning and Skills Council, Business Link, SEEDA and Transport for South Hampshire – will achieve more rapid and certain progress in delivering the PUSH / TfSH Business Plans and sub-regional strategy. This in turn will support the achievement of objectives and targets in the Regional Economic Strategy and national Public Service Agreements, particularly relating to skills, employment, housing supply and regional economic performance.

The MAA is available at:

http://www.push.gov.uk/priorities/multi_area_agreement.htm

In the context of TfSH’s role in co-ordinating existing and future transport requirements across the South Hampshire sub-region, the future aspirations of the Partnership for South Hampshire (PUSH) also need to be accommodated. To facilitate this a new Transport Chapter has now been added to the Multi Area Agreement and can be found at:

<http://www.hants.gov.uk/decisions/decisions-docs/100122-tshjcc-R0118164430.html>
<http://www.hants.gov.uk/decisions/decisions-docs/100122-tshjcc-R0118164447.html>

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

Southampton City Council has adopted a Code of Corporate Governance ("CCG") which identifies in one core document how the Council ensures that it runs itself in a lawful, structured, ethical and professional manner. The CCG is administered by the Monitoring Officer and is updated periodically by the Council's Standards and Governance Committee. As TfSH follows Southampton's governance arrangements (its Constitution etc) subject to where Hampshire County Council's financial regulations take precedence, and form the basis of TfSH's own financial protocols (as Hampshire's CFO is TfSH's CFO), Southampton's CCG reflects and represents TfSH's governance arrangements. The full document is published on the City Council's internet site at:

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

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

The Joint Committee set an initial budget at its meeting of 29 April 2009. Monitoring reports are considered on a broadly quarterly basis. These reports are available at:

<http://www.hants.gov.uk/decisions/decisions-docs/090429-tshjcc-R0422154432.html>
<http://www.hants.gov.uk/decisions/decisions-docs/090930-tshjcc-R0924123504.html>
<http://www.hants.gov.uk/decisions/decisions-docs/100122-tshjcc-R0118163546.html>

The Joint Committee reviews its performance on an annual basis, and is currently reviewing the Business Plan in the light of the outcomes during 2009/10. A performance monitoring framework was considered by the Joint Committee at its meeting of 30 September 2009. The report is available at:

<http://www.hants.gov.uk/decisions/decisions-docs/090930-tshjcc-R0924123529.html>

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

The Joint Committee has a Joint Agreement and Financial Protocols setting out how it operates, how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by the law, while others are a matter for the Joint Committee to choose.

The 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 Officer and the Project Director).

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

Members and officers acting on behalf of TfSH are required to follow their individual authority 'Members' Code of Conduct' or 'Officer Code of Conduct' as appropriate.

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

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

The Joint Agreement sets out how the Joint Committee operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. This includes information on how the Joint Committee operates, how decisions are made and the role of overview and scrutiny.

Periodically, as appropriate, the Monitoring Officer, together with the Project Director and Treasurer, conducts a review of the Joint Committee's governance arrangements, which are considered by the Joint Committee from time to time.

All reports submitted to the Joint Committee for a decision must receive legal and financial clearance prior to publication in accordance with the published procedures.

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

It is not practical for TfSH to have a formally constituted Audit Committee whose role would be to provide independent assurance to the Joint Committee on the adequacy of the risk management framework and the internal control and reporting environment, including (but not limited to) the reliability of the financial reporting process and the annual governance statement.

The Joint Committee therefore acts in this capacity directly to receive the accounts, annual governance statement and the reports of the appointed auditor.

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

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

Whistle-blowing and receiving and investigating complaints from the Public

Any complaints received by the Joint Committee in respect of unlawful conduct, illegality, financial malpractice or dangers to the public, employees or the environment would be dealt with by the Monitoring Officer, in line with Southampton City Council's procedures.

The Joint Committee does not employ staff directly, but rather by the relevant constituent authorities, mostly Hampshire County Council. Each council is required to have its own whistle blowing policy, and staff can utilise these for any activities of TfSH. Hampshire County Council's policy is published on its intranet, which is accessible to all staff and a link is provided below:

http://intranet.hants.gov.uk/whistleblowing_procedure.pdf

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

The Councils individually have their own programmes for member and senior officer learning and development to cover general development needs. From time to time, TfSH 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:

TfSH has not yet established a Communications Strategy, although, the Joint Committee is able to draw on the existing communication channels of the Councils. A communications audit is currently being undertaken and the findings will form the basis for developing the communications strategy.

4. REVIEW OF EFFECTIVENESS

The Joint Committee has a responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Project Director, Monitoring Officer and Treasurer.

The review process, applied in respect of maintaining and reviewing the effectiveness of the system of internal control, is informed by:

- the work of Members/Officers within the Joint Committee;
- audit and other periodic reports from the Internal Auditor;
- reports received from service review agencies or inspectorates where appropriate, and
- the external auditors in their annual audit letter.

The Joint Committee

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

The Joint Committee acting as an audit committee

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

The Senior Management Board

The Senior Management Board is an informal body and without statutory powers or authority, save as directly delegated to individual officers by their authority/the Joint Committee of TfSH. Its terms of reference include:

- Provide policy advice to the Joint Committee and to implement the decisions of the Joint Committee.
- Provide policy advice on behalf of the parties to the Joint Committee.
- Implement and deliver the decisions of the Joint Committee.
- Provide advice and guidance to the Joint Committee within the specific terms of reference of the Joint Committee.
- Monitor and review the activities of the Working Groups.
- Monitor the Business Plan and delivery and to recommend future iterations of the Business Plan to the Joint Committee.

The Working Groups

The Working Groups are informal bodies and without statutory powers or authority save as directly delegated to individual officers by their authority/the Joint Committee of TfSH. These working groups change from time to time to reflect the priorities of the partnership. The Strategy Working Group is the key

standing forum to engage the partners in defining the work of the partnership. Currently, the working groups cover:

- Transport strategy
- Strategic traffic management and information
- Reducing the impact on the existing network

The terms of reference include:

- Provide advice and guidance to the Senior Management Board and Joint Committee within the specific terms of reference of each Working Group.
- Monitor and review the budget, governance, financial compliance matters and issues where appropriate.
- Monitor the action plan and delivery.
- As delegated by the Joint Committee/Working Group, to be responsible for operational decision making and the day-to-day management of projects and activities carried out in the name of, or on behalf of, TfSH.

Internal audit

The Joint Committee does not operate an Internal Audit function. However, the County Council's internal audit function does undertake an assurance role that provides an independent and objective opinion to the Treasurer and to the external auditor to ensure that the financial systems and controls are in place. The audit plan for TfSH is agreed with the Treasurer, Project Director and external auditor, and is incorporated within Hampshire County Council's Environment Department's cyclical audit plan.

The Internal Audit Section is subject to regular review by the Joint Committee's external auditors who seek to place reliance on the work carried out by the section.

Other explicit review/assurance mechanisms.

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

The annual review of the effectiveness of the governance arrangements for TfSH, leading to the production of this Annual Governance Statement, has taken cognisance of the areas for improvement identified in the Annual Governance Report. This was presented to the Committee at its meeting of 30 September 2009, and subsequently an Improvement Plan was also approved by the Committee at its meeting of 22 January 2010.

<http://www.hants.gov.uk/decisions/decisions-index/index-docs-7115.html#>
<http://www.hants.gov.uk/decisions/decisions-docs/100122-tshjcc-R0118163531.html>

No control weaknesses have been identified, and if any such issues arise, they will be actioned and reported to the Joint Committee.

5. SIGNIFICANT GOVERNANCE ISSUES

The Annual Governance Report highlighted one significant governance issue in relation to risk management. This has been addressed through the development of a strategic risk register, which will be considered by the Joint Committee at its June meeting alongside these accounts. No other significant governance issues have been identified, however we will continue to review our governance arrangements from time to time and on at least an annual basis.

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

Signed _____

Councillor Mel Kendal
(Chairman)

Signed _____

Keith Willcox
(Project Director)

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS - JOINT COMMITTEE

1. The Joint Committee's responsibilities

The Joint Committee is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer;
- to manage its affairs so as to secure economic, efficient and effective use of resources and safeguard its assets; and
- to approve the Statement of Accounts.

2. The Chairman's statement

I certify that the Statement of Accounts for 2010/11 were considered and approved at the Joint Committee Chairman's briefing meeting on 23 June 2011.

Councillor Mel Kendal
Chairman – Joint Committee
23 June 2011

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS - TREASURER

1. The Treasurer's responsibilities

The Treasurer 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 Treasurer has sought to:

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

The Treasurer 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 Treasurer's statement

I certify that the Statement of Accounts presents fairly the financial position of the Transport for South Hampshire as at 31 March 2011 and its income and expenditure for the year ended 31 March 2011.

Carolyn Williamson , CPFA
Treasurer
23 June 2011

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the Members of the Transport for South Hampshire

Opinion on the financial statements

The auditor's opinion and certificate will appear here following the completion of the audit for inclusion in the final published accounts.

INCOME AND EXPENDITURE ACCOUNT

2009/10 Total net spend	Note	Revenue spend	Specific Income	2010/11 Net Revenue expenditure	Grants for capital purposes	Total net expenditure	
£		£		£	£	£	
3,856,787	Highways, roads and transport services: Transport for South Hampshire	2,3	988,773	-54,000	934,773	167,000	1,101,773
15,000	Corporate and Democratic Core	1					-
3,871,787	Net cost of services						
-	Interest payable						
-3,985	Interest receivable	4					-2,145
3,867,802	Net operating expenditure						
-250,000	PUSH funding – revenue						-250,000
-2,847,184	PUSH funding – capital						-167,000
-500,000	Partnership contributions	5					-680,000
270,618	Surplus (-) / deficit (+) for year						2,628

STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

The Income and Expenditure account shows the Authority's actual financial performance for the year, measured in terms of resources consumed, and generated over the last 12 months. However, the General Fund 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 and Expenditure account and the General Fund balance.

2009/10	Note	Revenue	2010/11 Capital	Total
£		£	£	£
-833,894	General Fund balance brought forward	-563,276	-	-563,276
270,618	Surplus (-) / deficit (+) for the year on the Income and Expenditure Account	2,628	-	2,628
-563,276	Balance on General Fund carried forward	-560,648	-	-560,648

BALANCE SHEET

2009/10		Note	2010/11
£			£
	Current assets:		
134,557	Debtors	7	-
-	Payments in advance		-
481,872	Cash		560,648
616,429	Total current assets		-
	Current liabilities:		
53,153	Creditors	8	-
-	Receipts in advance	9	-
53,153	Total current liabilities		-
563,276	Net current assets		560,648
	Financed by:		
	General reserves		
563,276	For revenue purposes		560,648
-	For capital purposes		-
563,276			560,648

CASH FLOW STATEMENT

2009/10 £		Note	2010/11 £
	Revenue activities		
	Cash outflows:		
663,377	Operating costs		980,078
663,377			
	Cash inflows:		
-250,000	Specific Government grant (NGP)		-250,000
-733,097	Other income		-814,557
-983,097			-1,064,557
-319,720	Net cash inflow from revenue activities	10	-84,479
	Returns on investments and servicing of finance		
	Cash outflow:		
-	Interest paid		-
	Cash inflow:		
-3,985	Interest received		-2,145
-3,985	Net cash inflow from servicing of finance		-2,145
	Capital activities		
	Cash outflow:		
3,939,336	Grants for capital purposes		174,987
3,939,336			
	Cash inflows:		
-2,847,184	Capital grant		-167,000
1,092,153	Net cash inflow (-) / outflow (+) from capital activities	11	7,987
768,448	Net cash inflow (-) / outflow (+)	12	-78,637

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

NOTES TO THE CORE FINANCIAL STATEMENTS

1 Apportionment of costs from corporate and democratic core

Apportionments are not required as all TfSH expenditure falls under the Highways, Roads and Transport Studies heading, apart from audit fees which has been classified under Corporate and Democratic Core.

2 Project specific income

There is £54,000 project specific income within TfSH's accounts.

3 Payments to partners

The table below sets out payments to partners from TfSH:

Council	09/10 Revenue £	09/10 Capital £	10/11 Revenue £	10/11 Capital £
Hampshire CC	156,965	2,447,184	182,898	167,000
Portsmouth CC	0	1,100,000	-	-
Southampton CC	73,097	-	203,736	-
Total	230,062	3,547,184	386,634	167,000

4 Interest received

The Treasurer to the Joint Committee is also County Treasurer of Hampshire County Council. The balance held on the TfSH account is pooled with that of the County Council and interest is paid based on the average 7-day rate.

5 Partner contributions

Council	2009/10 £	2010/11 £
Hampshire County Council	300,000	375,000
Portsmouth City Council	100,000	155,000
Southampton City Council	100,000	150,000
Sub Total	500,000	680,000
Other Partner Contributions		
Hampshire County Council	122,654	-
Total partner contributions	622,654	680,000
Other external bodies funding	245,000	54,000

Total	245,000	54,000
Total income for the year	867,654	734,000

6 Grants received by TfSH

Awarding Body	Grant	2009/10	2010/11
Revenue:			
PUSH	New Growth point	250,000	250,000
DfT	TfSH Evidence Base	25,000	-
Highways Agency	TfSH Evidence Base	50,000	-
DfT	DaSTS	170,000	16,000
Total		495,000	266,000
Capital:			
PUSH	New Growth Point	2,847,184	167,000
Total		2,847,184	167,000

Note PUSH directly awarded PCC £427,000 in 2010/11 for works on Tipner. The grants and expenditure did not go through TfSH accounts.

7 Debtors

	2009/10	2010/11	2010/11	2010/11
		Revenue	Capital	Total
	£	£	£	£
Government departments	134,557	-	-	-
Other local authorities	-	-	-	-
Sundry debtors	-	-	-	-
Total	134,557	-	-	-

8 Creditors

	2009/10	2010/11	2010/11	2010/11
		Revenue	Capital	Total
	£	£	£	£
Government departments	15,000	-	-	-
Other local authorities	29,277	-	-	-
Sundry creditors	8,875	-	-	-
Total	53,152	-	-	-

Government departments includes HM Revenues and Customs.

9 Receipts in advance

There are no receipts in advance at 31 March 2011, and there were no receipts in advance in 2009/10.

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

	2009/10	2010/11
	£	£
Surplus on Income & Expenditure Account	-429,382	2,628
Increase in debtors	134,557	-134,557
Increase in creditors	-28,881	45,305
Increase in receipts in advance	-	-
Less interest received	3,985	2,145
	-319,720	-84,479

11 Reconciliation of Income and Expenditure Account to net cash outflow from capital activities

	2009/10	2010/11
	£	£
Deficit on Income & Expenditure Account	700,000	-
Increase in debtors	-	-
Decrease in creditors	392,153	7,847
Increase in receipts in advance	-	-
	1,092,153	7,847

12 Reconciliation of the Movement in Cash

	2009/10	2010/11
	£	£
Decrease/ (increase) in Cash	-768,448	78,637
Net movement in debt	-	-
Net movement from Revenue	319,720	84,479
Net movement from servicing finance	3,985	2,145
	-	-
Net movement from capital activities	1,092,153	-7,987

13 Cash Flow Statement - Financing

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

14 Disclosure of audit costs

The cost of the 2010/11 annual audit fee is likely to be in the region of £3,000 – paid in 2011/12. In 2009/10, the figure was £14,938.

15 Financial instruments

In accordance with Financial Reporting Standard (FRS 26) debtors (see note 7), payments in advance and temporary lending are classified as loans and receivable financial instruments. Creditors (note 8), receipts in advance (note 9) 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.

TfSH is exposed to several risks arising from the use of financial instruments:

Credit risk – the potential for other parties not to pay amounts owed to TfSH.

Liquid risk – the potential that TfSH might not have the funds available to meet its payment commitments as they fall due.

Market risk – the potential that financial loss might arise as a result of changes in interest rates.

Credit risk arises from deposits with other institutions, as well as credit exposures to TfSH's debtors. As surplus cash is temporarily invested with Hampshire County Council, TfSH debtors are generally other public sector bodies. TfSH has access to temporary borrowing from Hampshire County Council's cash surpluses, so there is no significant risk of not being able to raise finance.

Market risk can occur through interest rates, prices and foreign currency risks. Interest rates have remained at historically low rates, resulting in interest earned on cash balances being lower than expected.

There is no investment in equity shares or other shareholdings, and no financial assets or liabilities in foreign currencies so no exposure to either price risk or exchange rate risk.

In summary, the risks to which TfSH 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.

16 Authorisation to Issue the Accounts

These Accounts were authorised on (date to be confirmed) by the Chairman of the Joint Committee, and events after the balance sheet date have been considered to this date.

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

- There are no publicity costs in the year.
- 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 PFI schemes.
- No Allowances have been paid to Members.

- There are no related party transactions involving Members or Officers.
- There have been no post balance sheet events up to the date of the issue of the accounts to the Joint Committee.

18 Related Party Transactions

TfSH is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence TfSH or to be controlled or influenced by TfSH. Disclosure of these transactions allows readers to assess the extent to which TfSH 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 TfSH.

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

Members of the Joint Committee have direct control over TfSH's financial and operating policies, and notes 3 and 5 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.