

**Report to the
Transport for South Hampshire Joint Committee**

Date: 21 June 2010

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Subject: Draft Statement of Accounts 2009/10; Budget 2010/11;
Financial Protocol revision

Purpose of the Report

The purpose of this report is to present the Joint Committee with the final outturn for the 2009/10 financial year, to recommend the revenue and capital budgets for 2010/11 and to agree revisions to the Transport for South Hampshire (TfSH) Financial Protocol.

The report also includes the draft Statement of Accounts for 2009/10.

Recommendations

It is recommended that the Joint Committee:

- 1. Approves the Annual Governance Statement on pages 4 to 13 of the Statement of Accounts which is attached as Appendix 1.**
- 2. Approves the draft Statement of Accounts of the 2009/10 financial year, attached as Appendix 1.**
- 3. Agrees to the carry forward of underspends of £563,000 on the revenue budget to 2010/11.**
- 4. Approves the revenue and capital budgets for 2010/11.**
- 5. Approves the revised Transport for South Hampshire Financial Protocols, attached as Appendix 2.**
- 6. Notes that the Chief Finance Officer has authority to make any further minor revisions to the Financial Protocol as necessary.**

Introduction

1. This report includes the draft Statement of Accounts (Appendix 1), for approval by the Joint Committee, as required by the Accounts and Audit Regulations 2003. As part of this process the Joint Committee is also required to undertake an annual review of the governance arrangements. The approval of the Annual Governance Statement on pages 4 to 13 of the accounts fulfils this obligation.
2. The draft Statement of Accounts report summarises the final budget position for the 2009/10 revenue and capital controlled budgets for TfSH. Overall there was an underspending of £563,000 against the revenue budget.
3. The report recommends approval of the 2010/11 revenue and capital budgets for TfSH.
4. Revisions to the Financial Protocol are attached to the report (Appendix 2) for Joint Committee approval.

Statement of Accounts

5. The Accounts and Audit Regulations 2003 require the Statement of Accounts for specified bodies, including Joint Committees, to be approved by 30 June following the year end, by those charged with governance. For TfSH this is the Joint Committee itself.
6. The form of the Statement is prescribed by a Code of Practice which constitutes proper accounting practice as required by Section 21 of the Local Government Act 2003. The code is updated each year to take account of the changes in accounting standards.
7. The draft Statement is attached as an Appendix, in summary, the overall revenue expenditure was £693,000 being an underspending of £563,000. The main reasons for underspending is that the Strategic Access study work on the two SDAs (M27 Corridor) and Dunsbury Hill was met from the Access to Strategic Sites allocation and further work on the Reduce and Manage Strategy and Developing the Evidence Base is being held over to 2010/11.
8. It is recommended that the underspend on the revenue budgets totalling £563,000, be carried forward to the revenue budget for 2010/11, to be spent on Developing the Evidence Base
9. The capital spend for the year was £3,547,000 (£700,000 Access to Strategic Sites, £1,100,000 Tipner – M275 Slip Road Improvements, £1,747,000 M27 Junction 5 Improvement (Phase1)) compared to the revised allocation of £3,714,000. The reason for this is lower expenditure on the M27 Junction 5 Improvement scheme (Phase 1) of £167,000 due to scheme slippage. TfSH have requested that the

unspent capital allocation from PUSH be carried forward and allocated in 2010/11.

Funding 2010/11

10. Table 1 below shows the TfSH revenue funding forecast for 2010/11 based on anticipated funding from the three local Transport Authorities (Hampshire County Council £375,000, Portsmouth City Council £155,000, Southampton City Council £150,000), which reflects an increase on the previous year's contribution, mainly to fund additional posts within TfSH. In addition to this, direct partner staffing costs of £145,000 are being assumed in the budget.
11. New Growth Point (NGP) revenue grant of £250,000 was confirmed at the Partnership for Urban South Hampshire (PUSH) Joint Committee meeting of 26 January 2010, to be spent on Access to Strategic Sites (£100,000) and Developing the Evidence Base (£150,000), and further South East England Partnership Board funding of £160,000 is being sought in 2010 for Developing the Evidence Base including DaSTS studies. The budget also makes provision for £563,000 to be carried forward from the 2009/10 revenue budget and £2,000 of interest to be paid on account balances. The overall available revenue funding in 2010/11 is therefore £1,800,000.
12. TfSH have also been awarded £3,307,000 NGP capital funding, confirmed at the PUSH Joint Committee meeting of 26 January 2010.
13. The NGP grant allocations via PUSH are conditional subject to PUSH's Joint Committee approval on 23 June 2010. This grant may also be at risk in light of the £6 billion public sector cuts that will take effect in 2010/11.

Table 1

Revenue Funding 2010/11	£'000
Balance b/f from previous year	563
Core partner contributions	825
PUSH New Growth Point	250
SEEPB	160
Interest on Balances	2
Total Revenue Funding	1,800
Capital Funding 2010/11	£'000
PUSH New Growth Point	3,307
Total Capital Funding	3,307

Revenue Budget 2010/11

14. A 2010/11 revenue budget of £1,800,000 has been assembled and its allocation is recommended for the Joint Committee's approval as shown in Table 2 below.

Table 2

Budget Heading	Budget £'000
Wider Bus Rapid Transit studies	200
Developing the Evidence Base (including DaSTS) *	900
Growth Work – Access to Strategic Sites.	100
Reduce & Manage Strategy	50
Sub-Regional Smartcards	50
PR and Communications	25
Access to Southampton	50
Staff/Finance/Audit etc	368
Contingency	57
Total	1,800

15. The allocation of £900,000 for Developing the Evidence Base will be used across a number of scheme justifications. Normally the evidence base costs would be shown separately for each individual scheme and these would add up to more than the single cost figure shown in the table. The TfSH Evidence Base will provide a single consistent resource for all interventions which represents better value for money overall and greater chances of obtaining necessary funding and approval.

Capital Budget 2010/11

16. Table 3 below details the proposed 2010/11 capital budget.
17. PUSH NGP capital funding of £1,915,000 for M27 Junction 5 Phase 2 is conditional on confirmation of £1m funding from the Regional Transport Board (RTB) and funding of £400,000 for M27 Junction 5 Phase 3 is conditional on a further £2.5 million funding from the Regional Transport Board (RTB).
18. At the time of writing this report RTB funding has not yet been approved and phase 2 and 3 of the scheme have been deferred.
19. Additional funding of £3.9 million was requested from PUSH for further works on the Tipner M275 Slip Road. However, with the reduction in Government funding for PUSH, only a further £500,000 had been allocated to the scheme in 2009/10. An additional £992,000 in 2010/11 is available for Portsmouth City Council, conditional on confirmation

that it expects to be able to meet the funding shortfall from other sources of funding.

Table 3

Budget Heading	Lead Authority	Budget £000
M27 Junction 5 Improvement (Phase 2)	Hampshire County Council	1,915
M27 Junction 5 Improvement (Phase 3)	Hampshire County Council	400
Tipner – Design and Construction of M275 Slip Road	Portsmouth City Council	992
Total		3,307

20. In addition to the above capital funding it is hoped that a further £167,000 NGP will be made available by PUSH in 2010/11. This relates to underspendings on the M27 Junction 5 Phase 1 scheme Slippage. A business case to secure this funding has been made to PUSH.

Financial Protocols

21. Attached as Appendix 2 is the latest version of the TfSH financial protocols for Joint Committee approval, which includes a number of revisions following advice from the District Auditor.
22. Under the Joint Agreement and Governance arrangements previously approved by the Joint Committee, the Chief Finance Officer has authority to make further minor changes to the financial protocol without having to seek Joint Committee approval again. Any such changes will be reported to the Joint Committee for information, with Joint Committee approval being sought for any significant changes.

Conclusion

23. The Annual Governance Statement on pages 4 to 13 of the Statement of Accounts is attached for approval and to be signed by the Chairman of the Joint Committee and the TfSH Project Director.
24. The draft Statement of Accounts are attached for Joint Committee approval.
25. The 2009/10 revenue budget is underspent by £563,000. It is recommended that the Joint Committee agree to carry forward the underspend to supplement the 2010/11 revenue budget.

26. Provisional budget allocations have been made for both the 2010/11 revenue and capital budgets which the Joint Committee are asked to approve.
27. The Joint Committee are asked to approve the latest version of the Financial Protocols.

Section 100 D - Local Government Act 1972 - background papers

The following documents disclose facts or matters on which this report, or an important part of it, is based and has been relied upon to a material extent in the preparation of this report.

NB the list excludes:

1. Published works.
2. Documents which disclose exempt or confidential information as defined in the Act.

TITLE

LOCATION

None