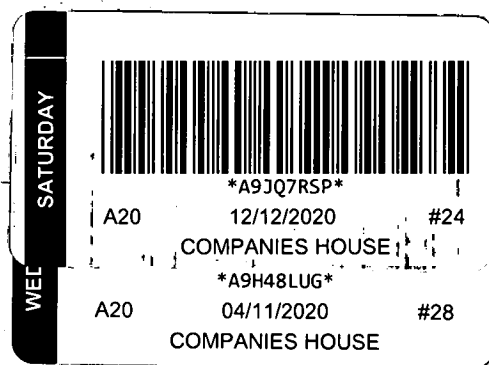




Centre for Public Scrutiny

**Trustees' Annual Report
2019/20**



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CHAIR'S FOREWORD



The Centre for Public Scrutiny continues to be an organisation that punches above its weight in terms of its impact and influence across a range of sectors.

Its experience and expertise in governance and scrutiny have been recognised by high profile, complex organisations requiring independent and credible support; often operating in challenging situations and balancing a range of stakeholders. These organisations trust that CfPS will take an evidence-based approach and provide trusted insights and realistic recommendations. Their governance reviews assess against the critical strategic and cultural components needed for effective decision-making, alongside effective supporting structures and processes. Their reports are well-written and accessible to a wide range of stakeholders, creating the best opportunity for change to happen as a result.

The ongoing support it provides for local government, growing work with housing, support to value driven private sector bodies and new workstreams with membership and co-operatives leave it well placed to be an excellent source of governance best practice. Its body of research and guidance continues to be the go-to resource for governance and scrutiny practitioners and policymakers.

The efforts to transform how the organisation operates bore fruit last year with a strong operating profit and this should provide CfPS with some resilience as it navigates the impact of the COVID-19 lockdown and new ways of working. Early indications are that it acted quickly and flexibly to change how it works and provide local government with vital support during the early phase of the pandemic. It is important that we continue to ensure governance and oversight function well during the crisis recovery, providing valuable opportunities for democratic and transparent holding to account.

The pandemic will present the business with significant income challenges, similar to many other organisations across all sectors. The foundations are now stronger for CfPS and its ability to be dynamic in how it works should work in its favour. It will however be a difficult year. This crisis brings both opportunities and challenges for how governance operates; many public services will be looking to reset relationships with citizens and build on the successes of more local and community working, more accessible virtual decision-making and increased transparency.

Lord Bob Kerslake - Chairman, Centre for Public Scrutiny

A handwritten signature in black ink, appearing to read 'Bob Kerslake', followed by a long horizontal line extending to the right.

REPORT OF THE TRUSTEES

The Trustees present their annual report and audited financial statements. The trustees have adopted the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" ("FRS 102 SORP") in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and relevant Accounting Standards. The Trustees have considered the likely impact of COVID-19 on the operational activities of the Centre and are of the view that there is a material impact. However, the Trustees consider that the current level of the Centre's unrestricted funds and with the continuing likelihood of securing funding for periods beyond April 2020, the Centre has sufficient resources to continue as a going concern.

The Centre for Public Scrutiny (CfPS) is a charitable company that promotes the value of scrutiny, accountability and good governance, both in the public sector and amongst other people and organisations who deliver publicly funded services.

In shaping the objectives of the charity and planning the activities undertaken, the trustees have considered the Charity Commissions guidance on public benefit.

CfPS' purpose is to improve lives and places through effective governance and public scrutiny. We seek to achieve this by:

- Making a positive difference by promoting the benefits and value of good governance and scrutiny.
- Supporting organisations and individuals to improve the effectiveness of their governance and scrutiny arrangements.
- Innovating in new areas to provide policy and practical support which helps improve governance and scrutiny.

An important priority last year was also to achieve a balanced budget and refresh reserves, to mitigate the impact of losses sustained in previous years as central and local government grants and income had significantly diminished.

The CfPS Trustee Board had previously agreed a new strategy to deliver a more diverse income stream which incorporated:

- a broadening of CfPS' offer into governance related support to a wider range of sectors, including private sector organisations delivering public services.
- an increased focus on business development activity.
- a focus on reducing core and project specific operating costs.

Whilst establishing CfPS' presence in new sectors and attracting new clients took longer than anticipated to deliver results, the new work brought in and income generated was in line with the strategic approach.

REVIEW OF THE YEAR IN SUMMARY

Work areas in our Delivery Plan

There are a number of areas that form our delivery plan as follows: -

1. Delivering Programmes of work for major funders in the public sector
2. Delivering Consultancy work for local authorities and other organisations
3. Running Training Events & Conferences
4. Back office Organisation
5. Research
6. Campaigns and Influence

Programmes

In the Programme area several work streams were undertaken, most of which related to work for the Local Government Association (LGA). Through their annual Improvement Grant, we provided over fifty days' worth of expert governance and scrutiny consultancy support working directly with 16 councils, as well as providing guidance and advice to another 40 local authorities. In addition, we undertook research into scrutiny policy and practice resulting in practical guidance and blogs (see research section below for more details). We also supported local government through our annual conference and attendance at regional events.

We were also pleased to work again with colleagues in NHS England's Public Participation team to support on the development and delivery of new guidance for System-wide Guidance on Working with People and Communities and guidance on navigating the local system for Primary Care Networks.

Consultancy

Reflecting the wider governance offer and CfPS' credibility and expertise, we expanded the amount of consultancy work undertaken last year, both for local authorities and other organisations, including housing associations and others involved in delivering services in the public sector.

There were several larger pieces of work in local government for the Royal Borough of Kensington & Chelsea (Scrutiny support work), Newham Council (Democracy Commission work led by DemSoc) and Croydon Council (Governance Review). In addition to this we carried a number of Scrutiny Improvement Reviews for a wide range of different types of councils, in total we worked with 60 authorities throughout the year in this way.

There were also a number of projects and ongoing support delivered, including work for existing clients such as Skanska UK, ENGIE UK and the National Housing Federation. In addition, our Business Development efforts secured work for a number of new clients including; the Gambling Commission, Local Enterprise Partnership (LEP) Network, Mears PLC, and London and Quadrant Housing (L&Q).

During 2019/20, we were also successful in securing governance review and scrutiny support work with several other new clients including the Royal College of Nursing, Suma Wholefoods and Storengy. Assignments which will take CfPS into new areas; membership bodies and co-operative sectors.

As part of the work to ensure a strong evidence base for our governance support offer, CfPS led the development of a research study looking to identify and mitigate governance risk factors. Working in partnership with Localis, the research was funded by a consortium including the Ministry of Housing, Communities and Local Government (MHCLG), CIPFA, the LGA, Local Partnerships and Trowers and Hamlin. The project will be completed in 2020/21.

Training Events & Conferences

In total income of £60k was earned from our events and conferences, which was down from £69k the previous year mainly due to having less delegates at our National Conference held in December due to the General Election being called. 120 delegates attended, as opposed to the previous years' attendance of 160.

Following MHCLG Scrutiny Guidance published in May 2019; we ran a Scrutiny Symposium attended by over 100 people. We also ran a successful health scrutiny and assurance conference, which was attended by 70 delegates in July.

Through the year we ran 11 training days providing in depth support on issues such as chairing skills, questioning strategies and financial scrutiny to councillors and council officers. The training offer consistently achieves satisfaction scores of 95% plus.

Organisation

In July 2019 Brian Roberts stepped down as the CIPFA nominated Trustee on the CfPS Board and was replaced by Andy Burns. In October 2019 Dr Diana Stirbu stepped down as an independent Trustee.

The staff complement was an average 7.5 FTE for the year, although temporary capacity was brought in to support marketing and training events for the latter part of the year. From July 2019 two employees became directly employed by CfPS having previously been on long-term secondments from LGA/IDeA; one member of staff remains on secondment with the switch delayed due to sickness.

CfPS continued to be supported by a network of experienced, expert associates with a range of background in governance, local government, health, participation and brining research, transformation, organisational development and engagement skills. The model of a small core team supported by associates, enables CfPS to create bespoke teams to meet client requirements whilst keeping overhead costs low.

These measures helped to reduce total related expenditure on organisational costs during the year, which came in total to £562k (£632k in 2018/19) of which total related staffing costs accounted for £471k (£502k in 2018/19).

Research

Research outputs continue to focus on CfPS's core local government audience. Successful attempts have been made to expand this audience beyond overview and scrutiny practitioners to others engaged in governance.

For some time now, CfPS's research products and outputs have been designed to make an active contribution to business development activity – in particular, consultancy products for local government, and local government events.

Research outputs in 2019/20 focused on the publication in May 2019 of the long-awaited statutory guidance on overview and scrutiny from Government. CfPS was pleased to have supported MHCLG in the production of the guidance. This also provided a significant opportunity to revisit CfPS's understanding of notable practice in the sector.

Unless otherwise stated, research products were funded through CfPS's agreement with the LGA around the provision of sector-led improvement support to councils.

Major research products have included:

- The good scrutiny guide published in June 2019. The first major update of CfPS's core guidance offer on overview and scrutiny since 2014. This England-only guidance has secured significant penetration in the local government sector and influenced a substantial number of councils in rethinking and redesigning their scrutiny arrangements in light of the production of the statutory guidance (evidence from our 2019/20 Annual Survey of Overview and Scrutiny in local government);
- Governance, culture and collaboration, published in May 2019. Contributed to our campaign on political culture (see below), and was aimed at showing how CfPS is an organisation with practical insight on wider governance matters in the local government sector;
- Taking scrutiny seriously, published in February 2020. Continued the campaign on political culture, this paper set out ways in which the leadership of councils should support scrutiny as part of a strong corporate governance framework.
- 2019/20 Annual Survey of Overview and Scrutiny in local government, published in March 2020. This benchmark survey was the first full analysis of scrutiny in local government since 2016 (more recent years having involved CfPS carrying out a suite of shorter, more targeted, surveys). It was designed to engage with the production of the statutory scrutiny guidance.

Other research products have, as usual, centred on the provision of practical technical support to local authorities on the operation of their overview and scrutiny arrangements.

- Commercialisation and scrutiny: a practical guide for councillors. Published in March 2020. This paper was financially supported by Local Partnerships and

- provides guidance to councils and councillors on the governance mechanisms which can best support member oversight of commercial activity;
- Research for the Combined Authorities Governance Network. This included a review of combined authorities' governance relationships with Local Enterprise Partnerships, and a review of combined authority management of freedom of information. This research was produced by CfPS as part of its agreement with the LGA for the support of the Network;
 - 10 questions to ask on scrutiny of sexual health. Published in July 2019. This paper was financially supported by the pharmaceutical firm MSD and provides practical guidance to councils on the scrutiny sexual health services.

CfPS continued to produce shorter-form research and opinion in the form of blogs, and frequent articles in the local government press (principally LGG and MJ).

Campaigns and influence

CfPS campaigning activity in 2019/20 focused on political culture. This campaign had to be redesigned and retimed as a result of the 2019 General Election and was curtailed in March 2020 as a result of the pandemic. Notwithstanding this, CfPS secured extensive coverage for its work in the local government trade press, and it will continue in the later part of 2020. This campaign was instrumental in being able to develop, bid for and deliver high quality consultancy work which engaged with wider local authority governance.

CfPS joined with other organisations to highlight its work through a "Democracy Hub" at the 2019 LGA Conference, an approach which deepened our existing links with a number of partner organisations and which provided us with a more high profile platform at Conference to engage with those in both leadership and scrutiny positions in the local government sector.

CfPS is using these experiences to develop more systematic methods to evaluate the impact of its influencing campaigns, particularly insofar as they contribute (like wider research work) to business development activities.

Overall financial performance

The considerable efforts made over the last few years to develop new business income streams and to keep our costs low were successful in the last financial year. Overall, total income for the year amounted to £833k (up from £746k in 2018/19) and expenditure was £729k (down from £799k in 2018/19), meaning a surplus of £103k was made (deficit of £53k in 2018/19). As a result, the reserves figure at the year-end increased to £245k.

Whilst income during the year arising from Programmes fell by £51k and from Events and Conferences by £15k, this was more than offset by the substantial increase from Consultancy workstreams of £146k. In total more than £200k of income came in from clients new to us, which was augmented by additional work from existing clients.

The continuing focus on expenditure control was maintained, with cost ratios in all areas below budget targets. Overall this ratio, excluding Organisation costs, was 17% for the year against the target of 21%, and the performance in 2018/19 of 22%.

STRUCTURE, GOVERNANCE & MANAGEMENT

Governing document

CfPS is a company limited by guarantee. Its Memorandum and Articles of Association were amended in 2009/10 and CfPS was registered by the Charity Commission as a charity on 8 June 2010. In 2011/12 members of the charity amended the memorandum and articles to remove the requirement to have an annual meeting.

Appointment of Trustees

As provided for in the Memorandum and Articles and of Association, which require a majority of independent Trustees, CfPS currently has four independent Trustees and three Trustees nominated by its founder and corporate members (the LGA, CIPFA and LGIU). Independent Trustees are recruited through open advertisement and appointed by the Board, following interview by a sub-committee consisting of the Chair and a member Trustee and with the advice of the Chief Executive. The Board of Trustees also has power to seek additional independent Trustees to fill any identified skills gaps that may result from open recruitment exercises, ensuring the Board retains the right mix of skills, experience and expertise.

Trustees' induction and training

CfPS provides an induction for new Trustees, which comprises key Charity Commission guidance on the role of Trustees, CfPS governing documents and key policies (equalities and diversity, whistle-blowing, interests and hospitality, data protection and information policies) as well as background information on the work of CfPS, the business plan, risk assessment, most recent audited accounts and annual budget and a selection of recent research and other publications as an introduction to what CfPS does.

Organisational structure

The Board of Trustees meets at least four times a year to agree the business plan and annual budget, monitor performance and financial information, agree staff pay and the executive director's targets and appraisal, as well as key policies, the risk assessment and other matters as it may determine. There is no formally constituted audit committee and audit matters are reported and taken at ordinary meetings of the Board. During 2019/20 attendance at Board meetings was:

Lord Bob Kerslake (Chair)	4/4 meetings
Jim Clifford (Vice Chair) (resigned 31/05/19)	1/1 meeting
Catherine Howe (Vice-Chair)	4/4 meetings
Cllr John Riley	1/4 meetings
Brian Roberts (resigned 12/07/19)	0/1 meeting
Jonathan Carr-West	3/4 meetings
Andrew Burns (appointed 04/09/19)	2/2 meetings

Diana Stirbu (resigned 16/10/19)
Helen Bailey
Caraline Johnson

2/3 meetings
2/4 meetings
4/4 meetings

A Chief Executive is appointed by the Board with delegated authority to manage the day to day running of the charity and delivery of its objectives in accordance with the agreed business plan and budget and has delegated responsibilities for the operational management of the Centre, including finance, employment matters and continued staff development.

Related parties

Trustees verbally declare any potential conflict of interest at the beginning of each board meeting. In addition, a register of interests is completed by Trustees every year. In order to be fully transparent about its work in 2019/20, the Centre declares the following financial connections with the Local Government Association, which is a major funder of CfPS:

- The Local Government Association (LGA) is a member of CfPS and has a nominated Trustee on CfPS's Board. Cllr John Riley held this responsibility independently during the year. CfPS paid a service charge to the LGA of £36,300 in 2019/20 (£36,300 in 2018/19) for a range of services, including management accounting, finance system, payroll and other HR support.
- Some staff members, 3 up to 31/05/19 and 1 thereafter for the rest of 2019/20, are formally employees of Improvement and Development Agency for Local Government, a member of the LGA group of organisations, and are seconded to CfPS. CfPS reimburses IDeA for all salary costs. All other staff members are directly employed by CfPS.

Risk management

The Trustees' risk management strategy includes:

- Quarterly review of risks to the organisation during business planning and financial risk.
- Ensuring that the most likely risks have been identified and their potential impacts, including those that emerge suddenly such as the Coronavirus pandemic.
- Establishing what procedures and systems are in place, or need to be strengthened, to mitigate those identified.
- Monitoring how the procedures and systems are being implemented to minimise impact on CfPS.

During 2019/20 our actions to mitigate identified higher risks and their impact were as set out below.

Strategic Risks

Risk that CfPS is unable to adapt to changing political and environmental circumstances.

Mitigations implemented: Close monitoring of political and policy developments including close liaison with members of both Trustee and Advisory Boards.

Impact: Assists organisation in being flexible and responsive.

Operational Risks

Risk that the organisation is not set up to successfully deliver objectives.

Mitigations implemented: Ongoing organisational reviews as personnel change to ensure there is sufficient capacity and skills, as well as ensuring that staff feel valued and their morale is maintained.

Impact: The implementation of a revised organisational structure has delivered more business opportunities, which are being converted into more profitable work. Capacity is augmented when required by the use of temporary staff and consultants. Revised methods of work are introduced and monitored, including home working, to ensure productivity is maintained.

Financial Risks

Risk that CfPS is exposure to problems relating to liquidity and cash flow.

Mitigations implemented: Close working relationships with LGA and CIPFA maintained, plus a focus on business development in associated sectors to local government.

Impact: LGA and CIPFA relationships remain secure, whilst increasing business opportunities have been identified and converted.

Reputational Risks

Risk that CfPS is not able to gain new business or that any work undertaken is adversely viewed.

Mitigations implemented: Careful selection of private sector partners, use of consultants to assist with capacity, heightened awareness when undertaking work in in sensitive areas.

Impact: Repeat and new business being won, but caution is exercised in undertaking work in sensitive areas.

Covid-19 implications

The organisation responded quickly to ensure the safety of its staff as the Covid-19 lockdown began in March 2020 and it could continue to provide essential support to clients. Whilst delivery was disrupted, there was minimal financial impact up to 31 March 2020.

Operationally from mid-March all staff were working from home, with delivery of Programme and Consultancy work already underway switched to be undertaken

virtually. Some workstreams previously agreed were deferred for consideration later in the year, but other new work was agreed to be delivered in a similar manner. Planned training and events were either cancelled or changed to online delivery. Weekly meetings of staff were held online, and other one to one meetings held in addition to discuss specific business or operational issues.

The original budget forecast for 2020/21 was revised on the basis that there was little prospect of a return to normal conditions before September, with implications likely for the whole year. The forecast was approved by the Trustee Board in April 2020 which predicted a breakeven position for the year, and a surplus was made in the quarter to 30 June 2020 of £10k. The financial position of CfPS at that time remained good, with healthy cash flow and a clean debtor book.

The various Government initiatives to assist businesses have been reviewed and advantage has been taken to defer quarterly VAT payments until March 2021. In addition, one member of staff has been furloughed as their workload had drastically reduced.

Regular reviews are being conducted and the Chair and Vice-Chair kept updated as the situation develops, including the budget forecast against performance achieved and business development opportunities identified and converted.

Inevitably Covid-19 has impacted CfPS in a number of ways, but not all of the implications have been adverse. The organisation is well placed to respond flexibly to the myriad of issues the pandemic has caused, both to ourselves and to our client base and potential new business.

Investment powers and policy

Under the Memorandum and Articles of Association, the Trustees have the power to:

- Invest the Charity's money not immediately required for its objects in or upon any investments, securities, or property; and
- Delegate the management of investments to a financial expert provided that the financial expert is an individual who is an authorised person within the meaning of the Financial Services and Markets Act 2000 or a company or firm of repute which is an authorised or exempt person within the meaning of that Act except persons exempt solely by virtue of Article 44 and/or Article 45 of the Financial Services and Markets Act 2000 (Exemption) Order 2001.

The income and property of the Charity is required to be applied solely towards the promotion of its objects.

Reserves

The Board monitors the overall financial position of CfPS at each Board Meeting, this includes the unrestricted and restricted reserve funds (provided by the Lead Accountant of LGA who provide financial guidance to CfPS). It also requests interim reports in between when deemed necessary.

- The reserve policy set by the Board requires the retention of adequate unrestricted funds to support 6 months of core costs to enable CfPS to continue to operate.
- Taking account of current costs, the retention should be in the order of £175k to cover costs of accommodation, including facilities and IT.
- Free reserves as at 31st March 2020 are £245k.

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Trustees (who are also directors of the Centre for Public Scrutiny for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland (FRS 102).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- make judgements and estimates that are reasonable and prudent;
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities' SORP;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Provision of information to Auditors

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This confirmation is given and should be interpreted in accordance with the provisions of section 414 of the Companies Act 2006.

Auditors

A resolution for the appointment of the auditors of the Company is to be proposed at the Board Meeting.

Approved by the Board of Trustees on 14 July 2020 and signed on their behalf by

A handwritten signature in black ink, consisting of stylized, overlapping loops and a long horizontal stroke at the end.

Lord Bob Kerslake

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE CENTRE FOR PUBLIC SCRUTINY LIMITED**

Opinion

We have audited the financial statements of The Centre for Public Scrutiny Limited (the 'charitable company') for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 1 of the financial statements, which describes the charity's assessment of the COVID-19 impact on its ability to continue as a going concern. The Trustees have explained that the events arising from the COVID-19 outbreak do not impact the use of the going concern basis of preparation nor do they cast significant doubt about the charity's ability to continue as a going concern for a period of at least 12 months from the date when the financial statements are authorised for issue.

Our opinion is not modified in respect of this matter.

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting

for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take the small companies' exemption from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities on pages 13 and 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that

are free from material misstatement; whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Alastair Duke (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Date:

4 September 2020

STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an INCOME AND EXPENDITURE ACCOUNT)
for the year ended 31 March 2020

	Notes	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
Incoming from:					
Income from donations and grants					
Grants receivable		200,400	-	200,400	241,300
Income from charitable activities					
Conference Income		60,171	-	60,171	69,312
Projects and Services		570,995	-	570,995	432,202
Sponsorship		-	-	-	2,000
Investment income	2	935	-	935	852
Total income		832,501	-	832,501	745,666
Expenditure on:					
Charitable activities	7	729,392	-	729,392	798,757
Total Expenditure		729,392	-	729,392	798,757
Net (expenditure) / income		103,109	-	103,109	(53,091)
Net Movement in Funds		103,109	-	103,109	(53,091)
Reconciliation of Funds:					
Total funds brought forward at 1 April		141,755	-	141,755	194,846
Total funds carried forward at 31 March	14	244,864	-	244,864	141,755

There are no recognised gains or losses other than those disclosed above.

All of the above results derive from continuing activities and there were no acquisitions in the period.

The accounting policies and notes on pages 21 to 25 form part of these financial statements.

The Centre For Public Scrutiny Limited
Year ended 31st March 2020

Balance Sheet

BALANCE SHEET
As at 31 March 2020

Company Number 5133443

	Notes	2020 £	2019 £
Current assets			
Debtors	10	70,821	113,211
Short Term Investments	2	219,227	90,826
Cash at bank and in hand		10,000	10,000
		<u>300,048</u>	<u>214,037</u>
Creditors: amounts falling due within one year			
Creditors falling due within one year	11	55,184	72,282
		<u>55,184</u>	<u>72,282</u>
Net current assets		<u>244,864</u>	<u>141,755</u>
Total assets less current liabilities		<u>244,864</u>	<u>141,755</u>
Charity Funds			
Unrestricted Funds	14	244,864	141,755
Restricted Funds	14	<u>244,864</u>	<u>141,755</u>

These financial statements were approved by the Trustees on 14 July 2020 and are signed and authorised for issue on their behalf by:



LORD BOB KERSLAKE

The notes on pages 21 to 25 form part of these financial statements.

The Centre For Public Scrutiny Limited
Year ended 31st March 2020

Statement of Cash Flows

STATEMENT OF CASH FLOWS

As at 31 March 2020

	Note	2020 £	2019 £
Cash flow from operating activities	12	<u>128,401</u>	<u>68,289</u>
Net cash flow used in operating activities	12	<u>128,401</u>	<u>68,289</u>
Change in cash and cash equivalents in the year / period		128,401	68,289
Cash and cash equivalents at 1 April		100,826	32,537
Cash and cash equivalents at 31 March		<u>229,227</u>	<u>100,826</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		10,000	10,000
Short term deposits		219,227	90,826
Cash and cash equivalents at 31 March		<u>229,227</u>	<u>100,826</u>

The notes on pages 21 to 25 form part of these financial statements.

1. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Centre for Public Scrutiny is a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) issued in March 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and United Kingdom Generally Accepted Practice as it applies from 1 January 2019.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

GOING CONCERN

The Trustees (who are also the directors of The Centre for Public Scrutiny Ltd ('the Centre') for the purposes of company law) have prepared the accounts on a going concern basis. As described in the Report of the Trustees, during 2019/20 the Centre worked closely with the Local Government Association and the bodies under the Local Government Association's control. The Trustees have considered the likely impact of COVID-19 on the operational activities of the Centre and are of the view that there is a material impact. However the Trustees consider that the current level of the Centre's unrestricted funds and, given the continuing likelihood of secured and securing funding for periods April 2020 and beyond, the Centre has sufficient resources to continue as a going concern.

FUNDS

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of any restricted fund is set out in the notes to the financial statements.

INCOME POLICY

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income, after any performance conditions have been met, when the amount can be measured reliably and when it is probable that the income will be received.

Income from donations is recognised on receipt, unless there are conditions attached to the donation that require a level of performance before entitlement can be obtained. In this case income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the Centre and it is probable that they will be fulfilled.

Government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income comprising only bank interest on short term deposits is recognised on a receivable basis.

RESOURCES EXPENDED

Expenditure is recognised on an accruals basis. This occurs when a legal or constructive obligation commits the Centre to the expenditure.

Irrecoverable VAT is charged against the category of resources expended from which it is incurred.

Any costs of generating funds comprise the costs associated with attracting voluntary income.

Charitable expenditure comprises those costs incurred by the Centre in the delivery of its activities and services for its beneficiaries. It includes both the costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Grants payable to third parties are included in expenditure on charitable activities. Where unconditional grants are made, these amounts are recognised when a constructive obligation is created, typically when the recipient is notified that a grant will be made to them. Where grants are conditional on performance, then the grant is only recognised once any unfulfilled conditions are outside of the control of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.

ALLOCATION OF SUPPORT COSTS

Support costs are those that assist the work of the Centre but do not directly represent charitable activities and include office costs, governance costs, and project management costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to those activities on a consistent basis related to time spent in furtherance of the Centre's objects.

The analysis of these costs is included in note 8.

CORPORATION TAX

The Centre is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2. INVESTMENT INCOME

All of the investment income arises from interest bearing deposits. The Centre participates in arrangements in which surplus cash balances are deposited with borrowers on the Local Government Association (LGA) Group's approved list. The Centre's investments are pooled with those of other entities that have adopted the LGA Group Investment Strategy. Group Investments are typically for periods of up to six months and as such the loan amount is a reasonable assessment of fair value. Lending of up to £3m of the total funds held for up to one year is permitted. The counterparty list is currently restricted to major UK financial institutions, the larger UK building societies, and AAA-rated money market funds. The LGA Group Investment Strategy strictly applies credit limits for all of the above financial institutions to ensure that deposits are spread across a number of its approved counterparties. No credit limits were exceeded during the year and the Centre does not expect any losses on short term investments.

3. INCOME

	2020 £	2019 £
Income from donations and grants		
Voluntary Income and Grants	200,400	241,300
Income from charitable activities		
Services recharged	570,995	432,202
Sponsorship and Conferences	60,171	71,312
	<u>831,566</u>	<u>744,814</u>

Voluntary income and grants mainly relate to funding from other related sector bodies. It is allocated to the main activities of the charity. Services recharged include publications, consultancy and project delivery. All of the above income was attributable to unrestricted funds in both 2020 and 2019.

4. AUDITORS REMUNERATION

The auditor's remuneration amounts to an audit fee of

	2020 £	2019 £
Audit fees	<u>3,500</u>	<u>3,500</u>

No non-audit fees were paid in the year to the auditor (2019 nil).

5. EMOLUMENTS

During 2020 no Trustee received any emoluments in respect of services to the Centre (2019 – nil). Reimbursement of expenses to no (2019 – one) Trustees for travel and accommodation totalled £0 (2019 – £38).

6. EMPLOYEES

	2020 £	2019 £
Agency staff fees	23,783	3,157
Secondments	139,030	309,816
Staff	300,015	140,193
Total staffing costs	<u>462,828</u>	<u>453,166</u>

The Chief Executive of The Centre for Public Scrutiny is the only one member of Key Management Personnel who was paid total benefits of £129,151 (2019 £137,387).

Staff are either on the Centre's payroll and have access to contributory pension arrangements or are seconded to the Centre by entities under the control of the Local Government Association - in which case they have access to the Local Government Pension Scheme. Secondment costs include, where appropriate, reimbursement of employer pension contributions borne by the relevant employer. The number of staff earning more than £60k of benefits during the year was 3 (2019 3 persons), excluding employer pension costs, in the ranges below.

Range £k	2020	2019
100-110	1	1
70- 80	1	-
60-70	1	2

Number of staff

The average number of staff (FTE) analysed by function was:

	2020	2019
Direct work	7.5	6.9
	7.5	6.9

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	2020 Activities undertaken directly £	2020 Support Costs £	2020 Total £	2019 Total £
Events	21,098	15,346	36,444	40,397
Commercial Programme	1,378	1,002	2,380	61,134
Other Programmes	329,388	239,583	568,971	657,602
Consultancy	70,395	51,202	121,597	39,624
Total	422,259	307,133	729,392	798,757

£nil (2019 £nil) of the above costs were attributable to restricted funds. £729,392 (2019 £798,757) of the above costs were attributable to unrestricted funds.

8. BREAKDOWN OF SUPPORT COSTS

	2020 £	2019 £
Direction and management	188,858	198,248
Office Costs	95,664	115,433
IT	22,611	17,153
	307,133	330,834

9. EXPENDITURE ON OTHER COSTS

	2020 £	2019 £
Meeting Costs	1,110	692
Legal and advertising costs	786	694
Support costs	98,793	87,525
Audit Fees	3,500	3,500
Total	104,189	92,411

10. DEBTORS

	2020 £	2019 £
Trade debtors	42,952	89,904
Other debtors – VAT Receivable	-	5,869
Other Debtors	-	773
Prepayments and Accrued Income	27,869	21,665
Total	70,821	113,211

11. CREDITORS

	2020 £	2019 £
Trade creditors	7,382	48,120
Accruals	2,155	14,265
Earned Leave Liability	13,521	4,410
Other creditors & income in advance	15,507	5,487
VAT Payable	16,619	-
Total	55,184	72,282

12. RECONCILIATION OF (EXPENDITURE) / INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net expenditure for year	103,109	(53,091)
(Increase) / decrease in debtors	42,390	145,251
(Decrease) / increase in creditors	(17,098)	(23,871)
Net cash flow from operating activities	128,401	68,289

13. MEMBERS' LIABILITY

The company is a registered charity and is limited by guarantee with no share capital. The liability of each member in the event of winding up is limited to £1.

14. FUNDS

	As at 1 April 2019 £	Income £	Expenditure £	As at 31 March 2020 £
Unrestricted Funds	141,755	832,501	729,392	244,864
Total	141,755	832,501	729,392	244,864

15. RELATED PARTY TRANSACTIONS

Reimbursed travel expenses of £0 (2019: £38) were paid to no (2019: one) Trustees in the year.

16. POST BALANCE SHEET EVENTS

The directors are only aware of the material COVID-19 post balance sheet event and its likely impact, and of no other events other than those already stated.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered name: Centre for Public Scrutiny Limited
 Charity number: 1136243
 Company number: 5133443
 Registered address: 77 Mansell Street, London E1 8AN
 Website: www.cfps.org.uk
 Contact details: info@cfps.org.uk 020 7543 5639

Trustees and directors

Lord Bob Kerslake	Chair and Independent Trustee
Brian Roberts (resigned 12/07/2019)	Chartered Institute of Public Finance and Accountancy (CIPFA) - Nominated Trustee
Andrew Burns (appointed 04/09/19)	Chartered Institute of Public Finance and Accountancy (CIPFA) - Nominated Trustee
Cllr John Riley	Local Government Association (LGA) - Nominated Trustee
Jonathan Carr-West	Local Government Information Unit (LGIU) - Nominated Trustee
Dr Catherine Howe	Vice-Chair and Independent Trustee
Jim Clifford (resigned 31/05/2019)	Independent Trustee
Diana Stirbu (resigned 16/10/19)	Independent Trustee
Helen Bailey	Independent Trustee
Caraline Johnson	Independent Trustee

Company Secretary

Alex Lawrence (resigned 16/07/2019)	Company Secretary
Matt Marsh (appointed 16/07/2019)	Company Secretary

Senior Staff

Jacqui McKinlay	Chief Executive
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Advisers

Banker:	Barclays, UK Banking, 1 Churchill Place, London, E14 5HP
Solicitor:	Local Government Group's Legal Services Panel, which includes: Bevan Brittan, Pinsent Masons, Wragge & Co and Sharpe Pritchard
Statutory Auditor:	PKF Littlejohn LLP, 15 Westferry Circus, Canary Wharf, London E14 4HD