



Centre for Public Scrutiny

Trustees' Annual Report

2014-15

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Acting Chair's Foreword

2014/15 was a period of continued transformation for those organisations supporting their local communities and residents. The needs of citizens continue to change as technology impacts on how support is accessed, demand for social care and health services grows and financial reductions lead to new ways of working. In this context decision-makers are under pressure and there has never been more of a need for accountable and transparent governance.

This year will also be remembered, sadly, for the reports of child sexual exploitation in towns across England, reminding us that as organisations grapple with strategic reform, there is still a vitally important scrutiny role in ensuring public services are working together effectively to protect and meet the needs of our most vulnerable citizens.

I am proud of the way that CfPS has adapted to providing relevant and vital support to a range of sectors. Our support work detailed in this report, alongside our guidance such as the lessons to be learnt from Rotherham and Mid-Staffordshire and our contribution to social value policy in the European Commission demonstrates that we are a vitally important part of the governance policy and delivery network.

The organisation itself has undergone changes, as the Rt Hon Nick Raynsford MP stood down as our Chair and Executive Director Jessica Crowe left the Centre in February 2015. I am delighted that Lord Bob Kerslake has since taken on the role of Chair and Jacqui McKinlay has been appointed Executive Director. Both bring with them a wealth of skills, experience and knowledge that will help CfPS build on its existing strengths.

Ahead of the general election in May, we anticipated any new government bringing forward legislation which moves decision-making closer to the people who know their communities best and allows for local solutions. But we will press for the legislation to incorporate scrutiny and clear accountability of all public services and organisations. Scrutiny and accountability in all their forms are vital to good decision making, especially given the ongoing financial pressures. We need every leader, decision-maker and member of the public to believe that clear accountability and governance means better decisions and leads to better outcomes.

We recognise that existing scrutiny processes must also transform if they are to become vital and valued.

CfPS is in a strong position to lead and influence to ensure we have transparent and accountable public services.

Jim Clifford OBE
Acting Chair, Centre for Public Scrutiny

The Trustees present their annual report and audited financial statements. The Centre for Public Scrutiny (CfPS) is a charity 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.

The Centre supports individuals, organisations and communities by:

- Supporting scrutiny practitioners
- Facilitating shared learning and innovation
- Providing training, governance support and leadership development
- Sharing research and best practice and influencing policy

Why citizens need the Centre for Public Scrutiny

The Centre exists to make sure that decisions affecting the public are made in the public interest and that the public can scrutinise decision-makers and hold them to account. Public scrutiny is a vital check and balance in our system of government and we think everyone has a responsibility to make sure that decision-making, scrutiny and accountability arrangements work well. Values and behaviours are at the heart of good decision-making and good governance.

We think the best arrangements for good decision-making, scrutiny and accountability should reflect the following characteristics:

- transparency - so that everyone is clear about who makes decisions and why decisions are made
- involvement - so that everyone has the chance to have their say and that decisions are made with the best insight
- accountability - so that everyone is clear about outcomes from decisions and can influence the actions of decision-makers

Public services support millions of people every day, but sometimes things go wrong. For example, patients and other vulnerable people can be less safe, taxpayers' money can be wasted or the public's views can be unheard or ignored. We exist to stop these kinds of things happening, by working with those responsible for decision-making, scrutiny and accountability to help them improve what they do, for the benefit of the public.

In 2014, reports about child sexual exploitation in towns across England provided shocking examples of things going wrong and these events reminded us of the 2013 reports about service failures in healthcare and social care. In all cases, the interests and voices of vulnerable groups were ignored and performance management systems did not focus on effective and safe services. On top of this, jumbled accountability arrangements allowed people to assume that "someone else" was doing the important job of scrutiny. Concerns of staff or the public can be ignored when this kind of culture develops. This is because a groupthink emerges which reinforces poor

values and behaviours, and which doesn't welcome scrutiny of "the sea of green" performance indicators that give the misleading impression that everything is fine.

Our report 'What Rotherham and Mid-Staffordshire Tell Us About Scrutiny and Where It's Lacking'¹ suggested some questions that councillors should ask to make sure that these kinds of events don't happen in their area:

- how do I know that my council, and those with which it works, will notice if significant problems exist in the community and that if they notice they will take action?
- can council scrutiny access information that allows confident challenge, on the basis of evidence, of assumptions about the quality of services?
- do political leaders, council officers and other agencies accept that council scrutiny has a role to play?

We also published 'Hiding in Plain Sight – Barriers to Effective Council Scrutiny'² based on the results of a survey we carried out to help understand political and managerial cultural issues that might underpin ineffective scrutiny and challenge. The report set out some 'asks' of parliament, councils and professional bodies:

- a review by the Communities and Local Government Select Committee of the operation and impact of council overview and scrutiny
- council leaders and senior officers accept the importance of independent, properly resourced and effective overview and scrutiny
- councils review their governance and scrutiny arrangements so that they use insight about the views and experiences of residents and service-users to provide assurance that risks are understood and managed well
- chairs of overview and scrutiny committees are chosen by secret ballot of non-executive councillors, based on an objective assessment of how well they are able to do the job
- professional bodies and inspectorates raise their profile with council scrutiny as a source of action or support
- advocacy and consumer groups help scrutiny to verify evidence against other sources when monitoring performance
- councils review their investment in overview and scrutiny so that important issues and risks aren't missed

1

http://www.cfps.org.uk/domains/cfps.org.uk/local/media/downloads/06_09_17_Rotherham_report_1.pdf

2

http://www.cfps.org.uk/domains/cfps.org.uk/local/media/downloads/150127_scrutiny_effectiveness___hiding_in_plain_sight_FINAL.pdf

Successfully promoting the value of accountability

London Patient Voice

In 2014, CfPS led the development of a new public scrutiny panel – London Patient Voice (LPV). LPV was established as an independent body to hold the NHS England London Regional Team to account about its statutory participation duties and how it ensures there is patient and public participation across the range of its commissioning activities. CfPS successfully recruited independent Londoners to LPV and supported them to report on their first year's activities in June 2015.

Facilitating shared learning and innovation

We embarked on a 12 month project to support nine councils undertaking major service change. We looked at the governance challenges and opportunities which arise when councils embark on transformation plans or seek to deliver services through large-scale commissioning. Although our findings are still developing, we have a sense of the key messages, which will be published in June 2015. The report will set out some possible practical approaches to the governance and accountability of major change programmes which will include integration of a wide range of voices – from councillors and the public – into councils' transformation plans.

Celebrating and promoting best practice in scrutiny and accountability

Good Scrutiny Awards

Our charitable aims include promoting the value of good scrutiny and for 7 years we have presented awards for the very best examples of effective scrutiny to help us achieve this aim. In 2014, an exceptional winner emerged - Cheshire West and Chester Council. 'Somewhere Over the Rainbow: Improving the Council's Adoption Process'³ showed scrutiny making a real difference: a difference to people's lives and a difference to how a council service is run. This review was conducted in response to local concerns about bottlenecks in the parental approval and child placement processes and within a broader political context of seeking to improve adoption policy and practice nationally.

Integration of health and social care services

'Integration' is arguably the greatest policy priority facing those who plan and deliver health and social care services. CfPS supports an ambition for council scrutiny to add value to local planning and implementation of integrated health and social care services and in 2014/15 supported three scrutiny 'inquiry days' - working with Devon County Council, South Tyneside Council and Wiltshire Council. The overarching messages from the inquiry days were that:

³ http://cfps.org.uk/?location_id=364&item=389

- Scrutiny of integration plans is fundamental to councils' health and social care scrutiny role. Councils should review their arrangements for scrutiny of integration to make sure they are fit for purpose.
- Scrutiny can add value to integration planning and implementation by improving the evidence base for decisions about integration and holding councils, commissioners and providers to account for the level of local ambition to integrate services and improve health in ways that benefit people who use services and taxpayers.
- Scrutiny is best when it is proactive rather than passive or reactive. There is a responsibility on scrutiny, health and wellbeing boards, council executives and CCGs to get the best out of the scrutiny function for the benefit of local people.

Some common themes emerged from the inquiry days about the factors that influence effective scrutiny of integration plans, based on shared understanding and commitments between scrutiny, council executives, CCGs and providers:

- a shared understanding about the importance of integration as the primary means of delivering long-term financial sustainability of health and social care services and in securing better services and better outcomes for people
- a shared commitment to scrutiny that is:
 1. proactive so that it is included throughout the process of planning, delivering and evaluating integrated services
 2. focused on practical as well as financial impacts of integrated services so that people's experiences of services are not forgotten
 3. constructive and focused on outcomes so that it receives constructive responses to recommendations
 4. accessible as possible so that it hears the diversity of people's experiences of services
 5. assessing the extent to which all topics under scrutiny promote and maximise the potential for integration

How we help organisations improve: training, support and governance reviews

Peer review

The Local Government Association offers a "corporate peer challenge" to its members, providing the opportunity to look in depth at how services are delivered, and make recommendations for improvement. CfPS has been

providing assistance to councils as part of this programme – principally where a peer challenge results in concerns about the strength of corporate governance. We worked with 10 councils and were still providing help to 3 councils at the end of the year. This ranged from supporting discussions on governance change, to more detailed support working with Monitoring Officers and others on major reviews of council constitutions and changes to decision-making arrangements.

Improving school governance

2014 saw the development of our work in education. This is a new area of work, and our unique approach to ‘whole school accountability’ led to councils and schools commissioning our services. The support that we provide not only helps governors to govern schools more effectively, it also focuses on team work and how everyone within the school has a role in improving outcomes for children and more importantly how they can achieve more by creating better working relationships.

Sharing research and influencing policy

We carried out significant work developing possible approaches to the establishment of local Public Accounts Committees, which were adopted by the Labour Party as a manifesto commitment for the 2015 election. Notwithstanding the election result, the Conservative’s commitment to progressing with combined authorities gives us reason to believe there will be a “governance gap” in those arrangements. Whether that will be through the mechanism of local PACs as we have set them out remains to be seen, but we will be seeking to swiftly develop our ideas in this area.

Supporting scrutiny – how do we know we’re having an impact?

We analyse the impact of our local government work in our annual survey of local government overview and scrutiny. This shows that CfPS continues to have a positive impact on council scrutiny and is a valued information and training resource. Over 71% of respondents say that our work has had a positive effect. This is a particularly positive figure considering 80% of all councils in England and Wales participated in the survey this year.

When we look specifically at the impact of our publications, evidence suggests both our practice guides and topical reports such as that on Rotherham and Mid-Staffordshire have had an impact. Although almost 40% of respondents reported an impact from these publications, other areas had lower impact with just over 12% of respondents reporting that consultancy had an impact on their work. However, it is important to take into account the economic climate when considering these figures.

For instance, many respondents commented they were limited in what services they were able to access due to financial constraints rather than lack of interest.

Overall, the majority of respondents felt positive about the future of scrutiny in their council and over 66% believed it made a positive difference in the lives of local people in their area. Initial analysis suggests respondents feel CfPS should continue to play a crucial role in developing better scrutiny practices, publishing key reports, and providing support and training. Many encouraged us to continue our work and requested we expand efforts in areas such as organising regional training and networking sessions, and increasing our exposure to better advertise the training and resources we offer. In addition, preliminary findings continue to support previous reports indicating there is a significant appetite for the work produced by CfPS and a market that has not yet been fully tapped into. It also indicates CfPS enjoys strong support from those who are familiar with our work, due largely to the high quality of work produced but that there is still room to grow.

We provided bespoke training, governance reviews and leadership development programmes to a large number of organisations to help them improve their governance and scrutiny practice and their capacity and skills to hold powerful decision-makers to account.

110 delegates attended our annual conference and Good Scrutiny Awards 2014. 47 delegates attended Scrutinycamp, our free unconference run on the day after our annual conference.

We surveyed Chief Executives, Leaders and Chairs of Scrutiny of councils who have used our services to gauge their satisfaction with the help we offered. The responses were extremely positive.

Our plans for the future

At the end of 2014/15 Rt Hon Nick Raynsford MP stood down as our Chair. Executive Director and Jessica Crowe left the Centre in February 2015. A new Chair was appointed in time for our 2015 annual conference and Jacqui McKinlay has been appointed Executive Director and started in May 2015.

A priority for CfPS will be to review its strategic purpose and business model in light of:

- how the public sector is organised and works has changed significantly since the CfPS was set up in 2003 and this is set to continue for the foreseeable future.
- The more recent shift towards further devolution, integration of public services and increased personal responsibility/ resident involvement are some of the specific changes relevant to CfPS.
- CfPS has developed in recent years to have a broader focus on governance and accountability and moved into different sectors. The appointment of a new Chair, Executive Director and general election outcome together create a timely opportunity to review the organisation's core purpose.

- A review will inform whether the core purpose needs updating and if we need to evolve the operating model to operate more effectively in a new context.

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 Articles and Memorandum of Association, which require a majority of independent Trustees, CfPS currently has six independent Trustees and three Trustees nominated by its founder 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 executive director. 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 pack for new Trustees, which contains 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 the Centre, 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.

In March 2015, Trustees took part in refreshing their awareness of their duties and responsibilities as a Trustee.

Organisational structure

The Board of Trustees, made up of nine members, meets 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 2014-15 attendance at Board meetings was:

Rt Hon Nick Raynsford (Chair) – attendance TBC (resigned February 2015)	5/5 meetings
Cllr Anthony Jackson	1/2 meetings
Jonathan Carr-West	3/5 meetings
Jim Clifford	4/5 meetings
Vicki Lawson-Brown	4/5 meetings
Eric Galvin	5/5 meetings
Melba Wilson	5/5 meetings
Amanda Phillips	4/5 meetings
Brian Roberts	TBC

An executive director and deputy executive director are appointed by the Board with delegated authority to manage all the day to day running of the charity and delivery of its objectives in accordance with the agreed business plan and budget. The executive director has been delegated the following responsibilities by the Board: operational management of the Centre, including finance, employment matters and continued staff development.

Related parties

Trustees and senior officers verbally declare any potential conflict of interest at the beginning of each board meeting. In addition a register of interests is completed by Trustees and senior officers every year. In order to be fully transparent about its work in 2014-15, the Centre declares the following financial connections with the Local Government Association, which is a major funder of the Centre:

- The Local Government Association (LGA) is a founding member of CfPS and has a nominated Trustee on CfPS's Board. Cllr Anthony Jackson was the Trustee during the year. CfPS paid a service charge of £24,000 in 2014-15 (£41,826 2013-14) for a range of hosting services, including rent for office space, IT, procurement, management accounting, finance system, payroll and other HR support
- Staff 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 LGA for all salary costs.

Risk management

The Trustees' risk management strategy includes:

- Annual review of risks to the Centre during business planning.
- Identifying the most likely risks and their impacts.
- Establishing procedures and systems to mitigate the identified risks in the business plan.
- Implementing these procedures and systems to minimise impact on the Centre.

- Reporting on the impact of planned mitigations on identified risks to the Board, including quarterly reporting on financial risk.

During 2014-15 our actions to mitigate identified risks and their impact were as set out below.

Strategic Risks

Mitigations implemented: Research and policy development programmes and PR strategy

Impact: Press coverage, influence on policy development based on research and ideas gaining support across political spectrum.

Operational Risks

Mitigations implemented: Performance management framework and organisational development review

Impact: New organisational structure agreed and implemented

Financial Risks

Mitigations implemented: Secure relationships with LGA and DOH, target new sectors

Impact: LGA and DOH relationships secure, some inroads into new sectors but more to do to win new work.

Reputational Risks

Mitigations implemented: Careful selection of private sector partners and new performance management framework

Impact: New performance management structure implemented. Different approach to PR required in light of new organisational structure

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.

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). 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 proper 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.

The auditor, PKF Littlejohn, will be proposed for reappointment in accordance with section 485 of the Companies Act.

Approved by the Board of Trustees on 14 July 2015 and signed on their behalf by

Jim Clifford OBE

The Centre For Public Scrutiny Limited Independent Auditors' Report

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

We have audited the financial statements of The Centre for Public Scrutiny Limited for the year ended 31 March 2015 which consist of the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the 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 auditors' 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on pages 14-15, 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.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

The Centre For Public Scrutiny Limited Independent Auditors' Report

Opinion on Financial Statements

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 2015 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 UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion: the charitable company has not kept adequate accounting records 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 prepare the financial statements in accordance with the small companies' regime take advantage of the small companies' exemption in preparing the Trustees' Annual Report.

Paul Hopper

For and on behalf of PKF Littlejohn LLP
Statutory Auditor

Date:

PKF Littlejohn LLP
Statutory auditors
1 Westferry Circus
Canary Wharf
London E14 4HD

The Centre For Public Scrutiny Limited

STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an INCOME AND EXPENDITURE ACCOUNT)
for the year ended 31 March 2015

	Notes	Unrestricted Funds 2015 £	Restricted Funds 2015 £	Total Funds 2015 £	Total Funds 2014 £
Incoming resources					
Incoming resources from generated funds					
Investment income	2	2,946	-	2,946	4,435
Incoming resources from charitable activities					
Conference Income		26,021	-	26,021	32,794
Project deliveries		286,247	-	286,247	450,177
Grants receivable		171,561	177,377	348,938	443,655
Sponsorship		3,500	-	3,500	4,750
Total incoming resources		490,275	177,377	667,652	935,811
Resources expended					
Charitable activities	6	541,289	177,377	718,666	883,863
Governance costs	8	20,046	-	20,046	14,883
Total resources expended		561,335	177,377	738,712	898,746
Net incoming/(outgoing) resources	3	(71,060)	-	(71,060)	37,065
Total funds brought forward at 1 April		475,809	-	475,809	438,744
Total funds carried forward at 31 March	14	404,749	-	404,749	475,809

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 20 to 24 form part of these financial statements.

The Centre For Public Scrutiny Limited

BALANCE SHEET As at 31 March 2015

Company Number 5133443

	Notes	2015 £	2014 £
Current assets			
Debtors	9	275,006	179,121
Short Term Investments	2	260,000	420,000
Cash at bank and in hand		279,220	41,890
		814,226	641,011
Creditors: amounts falling due within one year			
Creditors falling due within one year	10	409,477	165,202
		409,477	165,202
Net current assets		404,747	475,809
Total assets less current liabilities		404,749	475,809
Funds			
Unrestricted Funds	14	404,749	475,809
Restricted Funds	14	-	-
		404,749	475,809

These financial statements are prepared in accordance with the special provisions of Part 15 Chapter 4 of the Companies Act 2006 relating to small entities and with the Financial Reporting Standard for Smaller Entities.

These financial statements were approved by the Trustees on 14 July 2015 and are signed and authorised for issue on their behalf by:

RT HON NICK RAYNSFORD MP

1. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standards for Smaller Entities (effective January 2007). They have been prepared in accordance with the Companies Act 2006 and the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005).

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 2014-15 the Centre worked closely with the Department of Health, Welsh Government and with the Local Government Association and the bodies under the Local Government Association's control. Although long term funding has not been agreed beyond 31 March 2015, the Trustees consider that the current level of the Centre's unrestricted funds and the likelihood of securing funding for periods beyond April 2015, the Centre has sufficient resources to continue as a going concern.

INCOME POLICY

Voluntary income including donations and grants are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Income from services is recognised when the relevant services have been completed and charged to the service recipient.

Investment income is recognised on a receivable basis.

RESTRICTED INCOME

Where donors specifically state which project their donations are to be used for, this is treated as restricted income. Where donations are made that can be used at the discretion of the Centre, then this is treated as unrestricted income.

RESOURCES EXPENDED

Expenditure is recognised on an accruals basis as a liability is incurred. 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.

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.

Governance costs include those costs associated with the general running of the charity and include the operations of the Board and addressing constitutional, audit and other statutory requirements.

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

The costs of functions which are not direct, which support more than one of the Centre's activities, have been allocated to those activities on a consistent basis related to time spent in furtherance of the Centre's objects.

CASH FLOW STATEMENT

The Centre qualifies as a small company under the terms of Section 398 of the Companies Act 2006. As a consequence it is exempt from the requirement to publish a cash flow statement under Financial Reporting Standard 1.

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.

FUNDS

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity. Designated funds are unrestricted funds earmarked by the Trustees for particular purposes. Restricted funds are subjected to restrictions on their expenditure imposed by the donors or through the terms of an appeal.

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. 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. NET OUTGOING RESOURCES AFTER TAXATION

Net outgoing resources after taxation are stated after charging:

	2015 (£)	2014 (£)
Audit fees	1,000	1,000

4. EMOLUMENTS

During 2015 no Trustee received any emoluments in respect of services to the Centre (2014 – nil). Reimbursement of expenses to Trustees for travel and accommodation totalled £1,010 (2014 – £891).

5. STAFF

	2015 (£)	2014 (£)
<i>Agency and secondments</i>		
Agency staff fees	15,813	3,218
Secondments	458,781	516,623
Total staffing costs	<u>474,594</u>	<u>519,841</u>

The Executive Director of The Centre for Public Scrutiny resigned office at the beginning of February and was paid £65k-£70k (2014 FTE £75k-£80k). The Deputy received £60k-£65k (2014 £60k-£65K), sharing executive responsibility later in the year with another senior staff member who was paid £55k-£60k, until the new Executive Director took office in May 2015.).

Most staff have been seconded to the Centre by entities under the control of the Local Government Association. The entities concerned are all admitted bodies for the purposes of the Local Government Pension Scheme, to which the Centre's staff therefore have access. Secondment costs include, where appropriate, reimbursement of employer pension contributions borne by the relevant employer.

Number of staff

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

	2015	2014
Direct work	<u>10.0</u>	<u>9.8</u>
	<u>10.0</u>	<u>9.8</u>

6. COSTS OF CHARITABLE ACTIVITIES

	2015 Activities undertaken directly (£)	2015 Support Costs (£)	2015 Total (£)	2014 Total (£)
Events and Conferences	-	-	-	13,258
Communications and Publicity	23,870	6,314	30,184	16,793
Health Scrutiny Support	17,618	4,660	22,278	379,177
Wales Scrutiny Support	152,882	40,439	193,321	250,133
Health and Social Care Programme	26,143	6,915	33,058	-
Health Check Support	-	-	-	70,709
Inclusion Support				7,955

	-	-	-	
Other Programmes	125,035	33,073	158,108	43,310
Care Quality Commission	48,309	12,778	61,087	14,142
Children and Young People Programme	32,963	8,719	41,682	-
Local Accountability and Involvement Programmes	127,876	33,824	161,700	-
Consultancy	13,640	3,608	17,248	88,386
Total	568,336	150,330	718,666	883,863

7. BREAKDOWN OF SUPPORT COSTS

	2015 (£)	2014 (£)
Direction and management	129,418	122,173
Office Costs	19,903	29,810
IT	1,009	867
Total	150,330	152,850

Support costs are based on staff time spent on different activities.

8. GOVERNANCE COSTS

	2015 (£)	2014 (£)
Meeting Costs	92	308
Legal and advertising costs	2,202	-
Support costs	16,752	13,575
Audit Fees	1,000	1,000
Total	20,046	14,883

9. DEBTORS

	2015 (£)	2014 (£)
Trade debtors	262,489	61,095
VAT Recoverable	-	28,912
Other debtors	11,265	4,714
Accrued Income	1,252	84,400
Total	275,006	179,121

10. CREDITORS

	2015 (£)	2014 (£)
Trade creditors	49,523	5,284
Accruals & deferred income	86,584	153,671

Income in Advance	256,765	-
Other creditors & provision for bad debt	575	6,247
VAT Payable	16,030	-
Total	409,477	165,202

11. DEFERRED INCOME (Restricted Funds)

	2015 (£)	2014 (£)
Health Scrutiny Support	-	-
Wales Scrutiny Support	-	-
Total	-	-

Income recognised for Health Scrutiny Support and Wales Scrutiny Support was, with the agreement of the sponsors, deferred to match future expenditure and was restricted to utilisation within the relevant scrutiny programmes as required.

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

The balance of net assets and liabilities fall under unrestricted funds.

13. SHARE CAPITAL

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 2014 (£)	Incoming Resources (£)	Resources Expended (£)	As at 31 March 2015 (£)
Unrestricted Funds	475,809	490,275	561,335	404,749
Restricted Funds				
Wales Scrutiny Support	-	177,377	177,377	-
Total	475,809	667,652	738,712	404,749

Restricted funds relate to income and expenditure for Wales Scrutiny Support and are restricted under the terms agreed with the sponsors to utilisation within each generic scrutiny programme areas.

15. RELATED PARTY TRANSACTIONS

Reimbursed expenses of £1,010 (2014: £891) were paid to three (2014: three) Trustees in the year

16. POST BALANCE SHEET EVENTS

The directors are not aware of any material post balance sheet events other than those already stated.

The Centre for Public Scrutiny Limited

REFERENCE AND ADMINISTRATIVE DETAILS

Registered name: The Centre for Public Scrutiny Limited
Charity number: 1136243
Company number: 5133443
Registered address: Local Government House, Smith Square, London SW1P 3HZ
Website and twitter feed: www.cfps.org.uk @cfpscrutiny
Contact details: info@cfps.org.uk 020 7187 7362

Trustees and directors

Rt Hon Nick Raynsford MP
(resigned 30/3/15) Chair and Independent Trustee

Rob Whiteman (resigned 14/4/14) Chartered Institute of Public Finance and Accountancy (CIPFA) Nominated Trustee
Brian Roberts (appointed 14/4/14) Chartered Institute of Public Finance and Accountancy (CIPFA) Nominated Trustee
Cllr Anthony Jackson Local Government Association (LGA) nominated Trustee
Jonathan Carr-West Local Government Information Unit (LGIU) nominated Trustee
Jim Clifford Independent Trustee
Vicki Lawson-Brown Independent Trustee
Amanda Phillips Independent Trustee
Melba Wilson Independent Trustee
Eric Galvin Independent Trustee
Doreen Forrester-Brown Company Secretary

Senior Staff

Jessica Crowe
(resigned x/x/x) Executive Director
Jacqui McKinlay
(appointed 1/5/15)
Tim Gilling Deputy Executive Director

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, 1 Westferry Circus, Canary Wharf,
London E14 4HD