



# **Centre for Governance and Scrutiny**

## **Trustees' Annual Report 2022/23**

**Charity Number:**

**1136243**

**Company Number:**

**5133443**

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## **CHAIR'S FOREWORD**



It would feel wrong to open this report without saying how very sorry we are about the death of Lord Bob Kerslake. As the many tributes make clear, Bob was a huge presence for the sector and a friend and mentor for many. For us, he made everything he chaired a masterclass in how to run a meeting and he never failed to add wisdom and humour to our work - we always felt very lucky that with all the large organisations he worked with he chose to continue to work with CfGS - and we are so very saddened by his passing.

The year has seen some other significant changes to the team at CfGS, as well as the Board of Trustees. In the board space, I stepped in from the deputy chair to take over from Bob and Jonathan Carr-West is now deputy chair.

Our Chief Executive, Andy Fry, resigned from CfGS due to family reasons in July 2022 and our Deputy Chief Executive, Ed Hammond stepped into the role of Acting Chief Executive for the remainder of the 2022-23 Financial Year. We are hugely grateful to Ed for his leadership of the organisation during this time and I want to thank him on behalf of the Board for his hard work and achievements during his time as Acting Chief Executive.

We began recruiting for the role of Chief Executive in December 2022 and we are very pleased to have appointed Mel Stevens who will be joining us in May 2023. Mel will join us with significant experience in local democracy and participatory processes and is an experienced leader who will be working closely with the staff and board to develop our new strategy and focus us on the many challenges that are surrounding our sector.

Our work continues as strongly as ever supporting local government in the crucial role it plays for people and places with training and development for elected members, supporting councils and other organisations to improve their governance and scrutiny culture as well as helping with governance design across a wide range of organisations.

With our continued partnership working and funding from the LGA, we are increasingly working with councils who are finding themselves in difficult financial situations. We are not alone in providing support and there are great organisations also doing important and valuable work that we are proud to work alongside LLG, ADSO and CIPFA. Looking forward, and as the landscape around support and

interventions continues to evolve, we are well placed to be part of these conversations - helping to shape the sector's own response to the challenges it faces.

We have also been working with a number of organisations outside the local government sector, each of which have a strong vision for improved governance and decision making within their organisations – from housing to consumer co-operatives and institutes – culture, values and behaviours are the bedrock that good governance grows on. We value the diversity of this work and the additional perspective it provides for the work we do with local government.

CfGS is an organisation with strong foundations and deep roots in local government as well as significant experience in many connected sectors. Looking forward at the challenges that face so many organisations we are looking forward to shaping the next chapter of our work - please do get involved in that conversation and help us shape it.



**Dr Catherine Howe, Chairman (on an interim basis)**

**Centre for Governance and Scrutiny**

## **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, Companies Act 2006 and relevant Accounting Standards. The Trustees consider that the current level of the organisation’s unrestricted funds and with the continuing likelihood of securing funding for periods beyond April 2024, CfGS has sufficient resources to continue as a going concern.

CfGS 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 Commission’s guidance on public benefit.

CfGS’s 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.

CfGS experienced challenges around its priorities and capacity during 2022/23. Trustees’ original expectation was that the organisation break even or make a small profit but the organisation ended up recording a deficit. More important than the fact that a deficit was recorded was the fact that the organisation was not sighted on that deficit until very late in the financial year – leading to significant action to address structural financial weaknesses that leads off from work putting in place more robust project management, quality assurance and resource management arrangements in the second half of the year. Through the latter part of 22/23, the staff team put in place efforts to stabilise core services, to manage capacity and to ensure that work is profiled, designed and delivered in a way that maximises profit margin while still maintaining high standards. The appointment of a new Chief Executive for the organisation will accelerate and deepen these changes. However, it is still the medium-term expectation that the organisation will continue to operate at a deficit as business processes are remodelled. The organisation’s strong reserves position supports this approach.

In April 2022 the Trustee Board agreed a three-year Strategic Plan for the organisation. On the departure of the organisation’s Chief Executive in August 2022 Trustees’ concluded that this Plan was no longer fit for purpose, and agreed an

Interim Plan in October aimed at providing space and stability until a new permanent Chief Executive was able to develop and agree a longer term set of objectives. The Interim Plan provides the context for the remainder of this report, although it should be noted that the 22/23 budget was signed off (in March/April 2022) on the basis of the previous strategy.

## REVIEW OF THE YEAR IN SUMMARY

### Work areas in our Delivery Plan

While the Annual Report would ordinarily report progress against the Delivery Plan agreed at the start of the financial year, for 2022/23 the adoption of an Interim Plan later in the year demands a different approach.

Trustees' intention in agreeing the Interim Plan was that action on its implementation would carry through into 2023/24, which a projected end-date (and agreement of a new longer-term strategy for the organisation) at the end of Q2 23/24. The organisation is still on track to meet this deadline.

<p>Priority 1:</p> <p>Maintain and further develop CfGS's expertise and reputation in local government as the foremost experts on governance and scrutiny.</p>	<p>How we planned to deliver this / <i>how we have actually delivered:</i></p> <ul style="list-style-type: none"> <li>• Through building and delivering a support offer to local government built around the core of the successful delivery of our Memorandum of Understanding with the LGA / Government (which will be successfully renewed for 2023/24) / <i>We have successfully delivered our LGA MoU for 22/23, and negotiated deliverables for our 23/24 contract. Reflecting increased costs we have agreed a higher day rate for this work;</i></li> <li>• Through evolving that offer to offer more strategic support to councils' leadership – officer and member / <i>We have undertaken work to systematise the methodology for some of our strategic offers, and our approach to operational communications has brought this offer to a wider audience. We need to do more in Q1/Q2 23/24 to enhance awareness, in particular by using our existing networks and relationships to highlight our distinctive offer on governance risk and resilience;</i></li> <li>• Through effective evaluation of the work we deliver, and a clear, evidence-based sense of our impact overall, leading to refined products and better marketing / <i>We have successfully put in place mechanisms for the evaluation of training and development, of large-scale consultancy, and in particular of our LGA contract;</i></li> <li>• Through more intelligently using/deploying the skills and expertise of our staff team and Associates / <i>We have reviewed our approach to Associates, carrying out two development days and researching pricing arrangements in order to deploy them in a way that secures a reasonable profit margin. We have sought to design project delivery arrangements to move away from the practice of a single team member/Associate</i></li> </ul>
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	<i>delivering a project from start to finish, introducing a team approach based on a better understanding of where expertise and skills lie.</i>
<p>Priority 2:</p> <p>Strengthen links with our strategic partners, both to deliver our charitable object of spreading awareness of the principles and practice of good governance and to ensure that we can demonstrate action against our “theory of change”</p>	<p>How we planned to deliver this / <i>how we have actually delivered:</i></p> <ul style="list-style-type: none"> <li>• Identify who our key partners and stakeholders are, and identify areas of alignment and potential joint working / <i>we have strengthened our relationships with key officers at the LGA, resulting in mid-year changes to our accountability and communications arrangements. We have deepened our strategic relationship with partners such as ADSO and LLG, through working together to deliver mutual objectives at the LGA conference;</i></li> <li>• Use our network of partners and stakeholders to spread our message – and to market our products – with our target audiences, through a comprehensive communications and business development plan / <i>we have put in place a more robust approach to communications, including the more targeted use of newsletters – comms work led to an increase in inward client enquiries in Q3/4 compared to previous years;</i></li> <li>• Play an active role in contributing to conversations amongst our partners and stakeholders about the good governance, with a particular focus on local democracy, with a view to supporting ongoing dialogue about how civic architecture is likely to grow and transform in local areas / <i>we have pursued conversations with a range of partners (in particular in respect of English devolution) although we have participated in limited sector conversation on the way that civic architecture is expected to grow and transform.</i></li> </ul>
<p>Priority 3:</p> <p>Focus in our work an awareness of, and action on, equality, diversity and inclusion as a critical element of good governance – for us, for our</p>	<p>How we planned to deliver this / <i>how we have actually delivered:</i></p> <ul style="list-style-type: none"> <li>• Integrating an awareness of EDI issues into how we work with clients – bringing challenge on these matters to the forefront of findings/actions / <i>progress has been limited – we have brought more challenge to clients in conversations around project initiation and the preparation of final products, but this is yet to be translated into</i></li> </ul>



partners, and for our clients	<p><i>formal, detailed changes to project methodologies across the board;</i></p> <ul style="list-style-type: none"> <li>Ensuring that this feeds into the refinement of existing products, and our strategic planning for 2023/24 onwards / <i>review of project methodologies will incorporate further action on EDI.</i></li> </ul>
<p>Priority 4:</p> <p>Ensure that we have the capacity, skills and resources in place to provide for CfGS's financial sustainability</p>	<p>How we planned to deliver this / <i>how we have actually delivered:</i></p> <ul style="list-style-type: none"> <li>Reflect on how we provide for meaningful and high quality Board oversight to the work of CfGS's staff team / <i>we have amended the format of quarterly reports to Board and put in place a more rigorous approach to 23/24 budget planning;</i></li> <li>Take action on the organisation's future strategic direction, to secure its position into the medium term, by way of a strategy review that the organisation's new CEO can pick up and act upon once they are appointed / <i>the first (discovery) phase of the strategy review was completed by the end of Q4 22/23;</i></li> <li>Set realistic and evidence-informed financial plans for the 2023/24 financial year / <i>a delivery plan for 23/24 is in place that reflects the conclusion of this plan, and the emergence of a new, long term, strategy for the organisation.</i></li> </ul>

### Consultancy and delivery highlights

Despite capacity constraints and other uncertainty CfGS has succeeded in winning a delivering a range of projects in 22/23 – although a lower number, and to a lower total value, than previous years. These projects reflect CfGS's intention to expand its work away from the provision of technical advice on overview and scrutiny, and into more high-value, strategic support on broader corporate governance matters – including support to non-local government organisations.

Particular examples of projects delivered in part or in full during 22/23 include:

- Constitutional / corporate governance support. This continues to be a growth area for the organisation. We are carrying out more projects which see us playing a strategically-important role in corporate improvement. The core of this work is our work funded by the improvement services grant, which marks us out as a credible partner for other clients.
- Scrutiny improvement reviews (SIRs). The provision of SIRs is a maturing part of the business. As the national centre of excellence on overview and

scrutiny in local government we are able to demonstrate a capability to deliver a consistently high-quality product to councils.

- Governance change support to English local authorities. Where councils are seeking to move from one governance model to another, CfGS has become the go-to organisation to seek independent support.
- Support to organisations with distinctive or unusual governance arrangements. We have continued to work with organisations such as the Co-Operative Society, the Landscape Institute, Mears, and others. While this part of the business is one with significant potential for growth, the Interim Plan was predicated on the decision not to prioritise business development in this area, focusing instead on core local government business.

Performance against targets in local government delivery has been strong, but changes in the team starting at the end of 2021 have had a knock-on impact in performance in other areas, where capacity to undertake sustained business development was very limited, and where income was therefore significantly less than originally planned.

CfGS continues to work to increase the value of individual projects. Overhead in topping and tailing projects continues to be a challenge within resources, and overwork / overprogramming is a continual risk where demanding clients have high expectations in terms of both delivery, and relationship management. Our new arrangements for project sponsorship and leadership will, in 2023/24, bring more rigour into this space, and protect the organisation's margin on both low and high value projects.

In terms of client delivery, the challenge for 2023/24 will be to ensure that the quality of delivery can be sustained, that cost pressures can be managed (and in so doing, that margins on individual projects can become more predictable) and how the organisation can build capacity and capability without exposing itself to financial risk.

### **Action on core services**

The Interim Plan contained action on the improvement of core services.

#### *Project and programme management.*

- More robust reporting and oversight arrangements for high value contracts. *We have refined project sponsor and project lead responsibilities, putting in place more rigorous quality assurance arrangements – this meant that in 22/23 we did not experience any client delivery failures or serious capacity crunches;*
- More consistency in client communication and billing. *Arrangements to refine the development of proposals have helped to ensure that client needs are understood at the outset – detailed work on billing does still need to be done, however;*
- A clearer and consistent view of CfGS's project pipeline. *The refresh of CfGS's delivery work log partway through 22/23 significantly helped to ensure that the work pipeline was clearer (and that income projections on projects moving towards agreement were also clearer). More work is being done on this in the early part of 23/24;*

- Better use of Associates (and the capacity of the CfGS staff team) within budget. *The organisation continues to work to ensure that Associates are engaged where they add value, and that use of Associates is sufficiently discriminating to ensure profitability, particularly on larger projects.*

#### *Communications*

- Delivery and ongoing refinement of a week-by-week operational comms plan to bring our work and products to a wider audience. *The new operational approach to comms started in September 2022 – it directly led to higher visibility and profile for CfGS’s work, including in the trade press – comms planning is being further refined and improved in early 2023/24;*
- More effective and consistent campaigning on matters connected to our “theory of change”. *Capacity challenges in late 22/23 made it difficult to act on this – we recognise that we need to act to refine the theory of change and to ensure we are able to develop a business development plan which aligns with it – this is a priority for the early part of 23/24;*
- Pursuit of partnership and collaboration opportunities. *We have maintained and strengthened certain key partnerships, but capacity constraints have limited our ability to make significant progress;*
- Better connection to our product and business development work (see below). .

#### *Evaluating impact and success*

This involves implementing, and then reviewing, new systems for debriefing on completed projects with clients. *From January 2023, we started to put in place new arrangements for evaluation, beginning with evaluation of certain historic projects before moving to put in place ongoing evaluation of all work from the start of 23/24.*

#### *Back office functions*

This involves evaluating existing HR and finance support arrangements, and re-procuring if a more value for money solution can be identified. Trustees determined towards the end of 22/23 to investigate alternative options for HR, finance and other core services, with action being taken in early 23/24 to significantly reduce expenditure in these areas.

#### *Product and business development*

This involves refining existing product offers in light of evaluation feedback, and in light of further developments in the sectors in which we are active. It also involves reflection on the success or otherwise of our existing marketing arrangements and products. *This work has not yet started.*

#### *Board development*

This involves new arrangements for Board reporting as well as for communication with the Board between meetings. *This work has not yet started.*

#### The areas

During 2022/23 there have been a number of areas of core business for

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). The planned content of the improvement grant was changed to reflect the demands of supporting councils in the shift to online working and remote delivery. The support included new COVID-19 guidance, help-desk support, webinars and in-house training. Direct improvement support was also provided to a number of councils.

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 the scrutiny network and attendance at regional meetings.

### Consultancy

CfGS continued to secure a wide-ranging amount of business from its consultancy services. The volume and value delivered was lower than the previous year due to continued pressures on all sectors both local authorities and other organisations, but there was still a number of significant pieces of work and new projects undertaken.

We have carried out an increasing number Scrutiny Improvement reviews and training sessions for other local authorities. In total we worked with over 20 authorities throughout the year in this way.

In addition, we continued to support existing clients such as Mears PLC, National Housing Federation, Storengy and have supported new clients such as Coop.

### Training Events & Conferences

Due to the continuing effects of the COVID-19 pandemic at the start of the year, face-to-face training, events and conferences were still impacted. However, we have now returned to delivering the vast majority of our training face-to-face as well as continuing to run free webinars on various topics, such as financial scrutiny and work planning.

## Organisation

The staff complement was an average 6.1 FTE for the year. There have been a number of significant staff changes during the year to include the recruitment of a new Chief Executive. We have also seen the creation of a new role of Senior Governance Consultant.

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

The Chairman of our Board of Trustees stepped down from the Board in March 2023 after a long association with CfGS.

## Research

Research outputs continue to focus on CfGS's core local government audience. We continue to expand the audience for these products beyond overview and scrutiny practitioners (officers and members). In 2022/23 research output was exclusively funded through the improvement services grant, and took the form of a number of short, and longer-form, practical guidance publications on matters of importance to elected members and the governance professionals who support them.

## Campaigns and influence

Campaigning activity in 2022/23 focused on continued bolstering and supporting for the role of good governance. Campaigning for the need for the continuation of remote council meetings continues. We were an active and leading player in the establishment and operation of the Remote Meetings Partnership, bringing together partners at a senior level across the sector to discuss these issues.

Also at the national level, CfGS continues to engage in MHCLG's Governance Framework Panel (both strategic and operational), which is a forum for discussion on the local authority governance and accountability landscape; we continue to enjoy a good relationship with the NAO, relevant Select Committees and MHCLG civil servants.

With the publication on the Health White Paper, a new campaigning priority around health scrutiny emerged in late 2020/21. We continue to work closely with scrutiny practitioners and DH civil servants to ensure that the powers enjoyed by scrutiny continue in the (at time of writing) forthcoming Health Bill. In this, we are working with the LGA and NHS Confederation.

On wider matters relating to system change we are working closely with NHS England / NHS Improvement on the development of system-wide guidance which will frame cross-sector relationships in the new health landscape.

The publication of our governance risk and resilience framework (as described above) has continued to raise our profile as we continue with ongoing campaigning work on political culture.

### Overall financial performance

Notwithstanding the deficit for the year, the financial position of CfGS remains robust, with a reserves figure at year-end of £335k. Income for the year was £577k which was a small increase on the previous year's figure of £572k. Our expenditure was £596k (an increase from £531k in 2021/22).

Looking at our individual areas of operation, on Programmes our income was slightly lower than the previous year at £180k, whilst expenditure was significantly lower. Consultancy income increased to £393k from £331k, whilst expenditure increased to £114k. There was no Annual Conference in 2022-23, but the 2023-24 Annual Conference took place in June 2023.

Organisational costs overall costs were £473k up from £443k, mainly due to higher staff costs.

## **STRUCTURE, GOVERNANCE & MANAGEMENT**

### Governing document

The Centre for Governance and Scrutiny (CfGS) is a company limited by guarantee. Originally formed in 2004, it changed its name from the Centre for Public Scrutiny Limited in September 2020 to better reflect the nature of the advice and services that it provides.

The Memorandum and Articles of Association (M&AA) were amended in 2010 and the organisation was registered by the Charity Commission as a charity in June 2010. In 2012 members of the charity amended the M&AA again to remove the requirement to have an annual meeting and in June 2020 they were revised again to more accurately encompass the public benefits provided to its clients.

### Appointment of Trustees

As provided for in the M&AA, which require a majority of independent Trustees, During 2022/23 CfGS had six 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

CfGS provides an induction for new Trustees, which comprises key Charity Commission and other guidance on the role of Trustees, CfGS 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 CfGS, 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 CfGS does.

As CfGS is a social purpose consultancy expert in all aspects of governance and scrutiny, we were pleased that the Charity Governance Code was updated during the year. This has provided us with useful guidance to look at ourselves and see where we can seek to improve. Work will be ongoing on this.

### 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 directors' 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 2022/23 attendance at Board meetings was:

Lord Bob Kerslake (Chair)	4/5 meetings
Catherine Howe (Vice-Chair)	5/5 meetings
Cllr Graeme Coombes	2/5 meetings
Jonathan Carr-West	3/5 meetings
Andrew Burns	4/5 meetings
Helen Bailey	4/5 meetings
Caraline Johnson	5/5 meetings
Juliet Baker	5/5 meetings
Radhika Vaidya-Sahdev	5/5 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 2022/23, CfGS declares the



following financial connections with the Local Government Association, which is a major funder of CfGS:

The Local Government Association (LGA) is a member of CfGS and has a nominated Trustee on CfGS's Board. Cllr Graeme Coombes held this responsibility independently during the year. CfGS paid a service charge to the LGA of £43,600 in 2022/23 (£43,600 in 2021/22) for a range of services, including management accounting, finance system, payroll and other HR support.

Two staff members were seconded to CfGS during 2022/23. CfGS reimbursed their employers for all their salary costs. These secondments were of benefit to CfGS and it is intended that secondments will continue for CfGS.

### 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 CfGS.

During 2022/23 our actions to mitigate identified higher risks and their impact were as set out below.

#### STRATEGIC RISKS

Risk that CfGS 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 structures have delivered more business opportunities, which are being converted into more profitable work. Capacity is augmented when required by the use of consultants and working in partnership with other organisations. Revised methods of work are introduced and



monitored, including home working with regular meetings, to ensure productivity and well-being is maintained.

## **FINANCIAL RISKS**

Risk that CfGS is exposed to problems relating to profitability, liquidity and cash flow.

Mitigations implemented: Close working relationships with important stakeholders such as LGA and CIPFA is maintained to ensure we are close to the local authority sector. In addition, we have increased our focus on business development in associated sectors to local government and in providing governance assistance to organisations in a variety of other sectors.

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

## **REPUTATIONAL RISKS**

Risk that CfGS 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.

## **LASTING EFFECTS OF THE PANDEMIC**

The lasting effects of the pandemic have changed some of the ways that CfGS works. Whilst it is our preference to deliver training in person, we have the flexibility to deliver both training and consultancy remotely where necessary. In addition, all of our staff are now employed on home-working contracts. However, the CfGS staff do come together at least once a month in person as a team. The benefits of working from home we feel give a better work-life balance for staff and there are also considerations on lowered impact to the environment through less commuting together with a reduction in overheads for CfGS.

## **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 CfGS at each Board Meeting, this includes the unrestricted and restricted reserve funds (information provided by the Lead Accountant of LGA who provide financial guidance to CfGS). 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 CfGS to continue to operate.
- Taking account of current costs, the retention should be in the order of £175,000 to cover costs of accommodation, including facilities and IT.
- Free reserves are £334,637 as at 31st March 2023.

## **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 Governance and 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.

Approved by the Board of Trustees on 24 October 2023 and signed on their behalf by



**Dr Catherine Howe**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CENTRE FOR GOVERNANCE AND SCRUTINY**

### **Opinion**

We have audited the financial statements of the Centre for Governance and Scrutiny (the 'charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2023 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.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## **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 contained within the Report of the Trustees. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' 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 directors' report included within 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;
- 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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the charitable company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and application of cumulative audit knowledge and experience.
- We determined the principal laws and regulations relevant to the charitable company in this regard to be those arising from the Companies Act 2006, Financial Reporting Standard 102, the Charities SORP and relevant employee legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the charitable company with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in the timing of recognition of income from grants. We addressed this through review of all material grant agreements to ensure correct treatment under the Charities SORP, including consideration of the accounting period in which income should be recognised.
- We also identified potential for management bias in the judgements made around recoverability of debtors. We addressed this through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management.

- We also identified potential for management bias in the allocation of support costs against charitable activity categories. We addressed this through reviewing the method used for reasonableness and re-performing the calculation to ensure it had been performed accurately in line with the stated method.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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](http://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)**

15 Westferry Circus

**For and on behalf of PKF Littlejohn LLP**

Canary Wharf

**Statutory Auditor**

London E14 4HD



**STATEMENT OF FINANCIAL ACTIVITIES**

(incorporating an INCOME AND EXPENDITURE ACCOUNT)  
for the year ended 31 March 2023

	Note s	Unrestricte d Funds 2023 £	Restrict ed Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
<b>Income from:</b>					
<b>Donations and grants</b>					
Grants receivable	3	180,000	-	180,000	183,620
<b>Charitable activities</b>					
Conference and Other Income	3	9,000	-	9,000	37,215
Projects and Services	3	383,838	-	383,838	350,778
<b>Investment Income</b>					
Investment income	2	3,801	-	3,801	315
<b>Total income</b>		<b>576,639</b>	<b>-</b>	<b>576,639</b>	<b>571,928</b>
<b>Expenditure on:</b>					
Charitable activities	7	596,177	-	596,177	531,469
<b>Total Expenditure</b>		<b>596,177</b>	<b>-</b>	<b>596,177</b>	<b>531,469</b>
<b>Net (expenditure)/income</b>		<b>(19,538)</b>	<b>-</b>	<b>(19,538)</b>	<b>40,459</b>
<b>Net Movement in Funds</b>		<b>(19,538)</b>	<b>-</b>	<b>(19,538)</b>	<b>40,459</b>
<b>Reconciliation of Funds:</b>					
Total funds brought forward at 1 April		354,175	-	354,175	313,716
<b>Total funds carried forward at 31 March</b>	14	<b>334,637</b>	<b>-</b>	<b>334,637</b>	<b>354,175</b>

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.

All income and expenditure in 2022 was unrestricted.

The accounting policies and notes on pages 27 to 32 form part of these financial statements.

**BALANCE SHEET**

Company Number 5133443

As at 31 March 2023

	Notes	2023 £	2022 £
<b>Current assets</b>			
Debtors	10	127,766	89,912
Short Term Investments	2	252,032	313,746
Cash at bank and in hand		10,000	10,000
		<b>389,798</b>	<b>413,658</b>
<b>Creditors: amounts falling due within one year</b>			
Creditors falling due within one year	11	55,161	59,483
		<b>55,161</b>	<b>59,483</b>
<b>Net current assets</b>		<b>334,637</b>	<b>354,175</b>
<b>Total assets less current liabilities</b>		<b>334,637</b>	<b>354,175</b>
<b>Charity Funds</b>			
Unrestricted Funds	14	334,637	354,175
Restricted Funds	14	-	-
		<b>334,637</b>	<b>354,175</b>

These financial statements were approved by the Trustees on 24 October 2023 and are signed and authorised for issue on their behalf by:



**DR CATHERINE HOWE**

The notes on pages 27 to 32 form part of these financial statements.

**STATEMENT OF CASH FLOWS**

As at 31 March 2023

		<b>2023</b>	<b>2022</b>
	Note	£	£
<b>Cash flow from operating activities</b>	12	(61,714)	17,821
<b>Net cash flow used in operating activities</b>	12	(61,714)	17,821
<b>Change in cash and cash equivalents in the year / period</b>		(61,714)	17,821
<b>Cash and cash equivalents at 1 April</b>		323,746	305,925
<b>Cash and cash equivalents at 31 March</b>		<b>262,032</b>	<b>323,746</b>
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand		10,000	10,000
Short term deposits		252,032	313,746
		262	
<b>Cash and cash equivalents at 31 March</b>		<b>262,032</b>	<b>323,746</b>

The notes on pages 27 to 32 form part of these financial statements.

## **1. ACCOUNTING POLICIES**

### **BASIS OF ACCOUNTING**

The Centre for Governance and 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 October 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 Governance and Scrutiny (CfGS) for the purposes of company law] have prepared the accounts on a going concern basis. As described in the Report of the Trustees, during 2022/23 CfGS 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 organisation and are of the view that there is no material impact. The Trustees consider that the current level of its unrestricted funds and, given the continuing likelihood of secured funding for period through to 31 March 2024 and beyond, CfGS has sufficient resources to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements.

### **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 CfGS 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 CfGS 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 CfGS 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 CfGS's objects.

The analysis of these costs is included in note 8.

## **CORPORATION TAX**

CfGS 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. CfGS participates in arrangements in which surplus cash balances are deposited with borrowers on the Local Government Association (LGA) Group's approved list. CfGS'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 CfGS does not expect any losses on short term investments.

### 3. INCOME

	2023 £	2022 £
<b>Income from donations and grants</b>		
Voluntary Income and Grants	180,000	183,620
<b>Income from charitable activities</b>		
Services recharged	383,838	350,778
Conferences and other income	9,000	37,215
	<b>572,838</b>	<b>571,613</b>

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 2022 and 2023.

### 4. AUDITOR'S REMUNERATION

The auditor's remuneration amounts to an audit fee of

	2023 £	2022 £
Audit fees	3,500	3,500

No non-audit fees were paid in the year to the auditor (2022 £nil).

### 5. EMOLUMENTS

During 2023 no Trustee received any emoluments in respect of services to CfGS (2022 – £nil). Reimbursement of expenses to no (2022 – none) Trustees for travel and accommodation totalled £0 (2022 – £0).

### 6. EMPLOYEES

	2023 £	2022 £
Agency staff fees	30,584	-
Secondments	-	-
Staff	326,332	346,518
<b>Total staffing costs</b>	<b>356,916</b>	<b>346,518</b>

The Chief Executive (CE) of Centre for Governance and Scrutiny is the only member of key management personnel. During the year the incumbent retired from the post and a new CE was being actively recruited. The total cumulative benefits paid during the year were £108,690 (2022 £122,369).

Staff are on CfGS's payroll and have access to contributory pension arrangements.

The number of staff (FTE) earning more than £60k of benefits during the year was 1 (2022 3 persons), excluding employer pension costs, in the ranges below.

<b>Range £k</b>	<b>2023</b>	<b>2022</b>
100-110		
90- 100	1	1
80-90		1
70-80		1

*Number of staff*

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

	<b>2023</b>	<b>2022</b>
Direct work	6.1	5.0
	<b>6.1</b>	<b>5.0</b>

**7. EXPENDITURE ON CHARITABLE ACTIVITIES**

	<b>2023 Activities undertaken directly £</b>	<b>2023 Support Costs £</b>	<b>2023 Total £</b>	<b>2022 Total £</b>
Events	8,397	7,464	<b>15,861</b>	<b>485</b>
Commercial Programme	-	-	-	<b>2,518</b>
Other Programmes	246,681	219,262	<b>465,943</b>	<b>27,745</b>
Consultancy	60,552	53,821	<b>114,373</b>	<b>500,721</b>
<b>Total</b>	<b>315,630</b>	<b>280,547</b>	<b>596,177</b>	<b>531,469</b>

£nil (2022 £nil) of the above costs were attributable to restricted funds. £596,177 (2022 £531,469) of the above costs were attributable to unrestricted funds.

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 CfGS's objects.

**8. BREAKDOWN OF SUPPORT COSTS**

	<b>2023 £</b>	<b>2022 £</b>
Direction and management	134,711	169,342
Office Costs	131,506	70,589
IT	14,330	18,693
	<b>280,547</b>	<b>258,624</b>

**9. EXPENDITURE ON OTHER COSTS**

	<b>2023 £</b>	<b>2022 £</b>
Meeting Costs	103	716
Legal and advertising costs	5,585	2,099



Support costs	71,813	89,448
Audit Fees	3,500	3,500
<b>Total</b>	<b>81,001</b>	<b>95,763</b>

#### 10. DEBTORS

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Trade debtors	62,957	67,444
Other debtors – VAT Receivable	-	-
Other Debtors	4	4
Prepayments and Accrued Income	64,805	22,464
<b>Total</b>	<b>127,766</b>	<b>89,912</b>

#### 11. CREDITORS

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Trade creditors	(1,118)	263
Accruals	17,756	4,328
Earned Leave Liability	6,429	7,320
Other creditors & income in advance	16,490	28,357
VAT Payable	15,604	19,215
<b>Total</b>	<b>55,161</b>	<b>59,483</b>

#### 12. RECONCILIATION OF INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>Net income for year</b>	(19,538)	40,459
(Increase) in debtors	(37,854)	(24,518)
(Decrease)/Increase in creditors	(4,322)	1,880
<b>Net cash flow from operating activities</b>	<b>(61,714)</b>	<b>17,821</b>

#### 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

	<b>As at 1 April 2022</b>	<b>Income</b>	<b>Expenditure</b>	<b>As at 31 March 2023</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Unrestricted Funds	354,175	576,639	596,177	<b>334,637</b>

Total	<u>354,175</u>	<u>576,639</u>	<u>596,177</u>	<u>334,637</u>
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#### **15. RELATED PARTY TRANSACTIONS**

Reimbursed travel expenses of £0 (2022: £0) were paid to no (2022: no) Trustees in the year.

CfGS paid a service charge to the LGA of £43,600 in 2022/23 (£43,600 in 2021/22) for a range of services, including management accounting, access to a finance system, payroll and other HR support.

#### **16. POST BALANCE SHEET EVENTS**

There are no post balance sheet events requiring disclosure.

**REFERENCE AND ADMINISTRATIVE DETAILS**

Registered name: Centre for Governance and Scrutiny  
 Charity number: 1136243  
 Company number: 5133443  
 Registered address: 77 Mansell Street, London E1 8AN  
 Website: [www.cfgs.org.uk](http://www.cfgs.org.uk)  
 Contact details: [info@cfgs.org.uk](mailto:info@cfgs.org.uk) 020 7543 5627

**Trustees and directors**

Lord Bob Kerslake	Chair and Independent Trustee (Resigned 02/03/23)
Dr Catherine Howe	Chair and Independent Trustee (Appointed 25/04/23)
Jonathan Carr-West	Vice Chair and Local Government Information Unit (LGIU) - Nominated Trustee (Appointed 25/04/23)
Andrew Burns	Chartered Institute of Public Finance and Accountancy (CIPFA) - Nominated Trustee
Cllr Graeme Coombs	Local Government Association (LGA) - Nominated Trustee)
Helen Bailey	Independent Trustee
Caraline Johnson	Independent Trustee
Juliet Baker	Independent Trustee
Radhika Vaidya-Sahdev	Independent Trustee

**Company Secretary**

Matt Marsh	Company Secretary
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**Senior Staff**

Ed Hammond	Interim Chief Executive (Appointed 12/08/22)
Andy Fry	Chief Executive (Resigned 11/08/22)

**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