Centre for Governance and Scrutiny

England & Wales · Charity number 1136243

Details

Other names	THE CENTRE FOR PUBLIC SCRUTINY LTD
Status	Registered
Legal form	Charitable company
Company number	05133443
Registered	2010-06-08
Register	View on the Charity Commission register

Contact

Address	Fourth Floor 77 Mansell Street London E1 8AN
Phone	07869 717190
Email	info@cfgs.org.uk
Website	www.cfgs.org.uk

Activities

Objects: 3.1 TO ADVANCE EDUCATION FOR THE PUBLIC BENEFIT IN THE PRINCIPLES AND PRACTICE OF PUBLIC SCRUTINY, GOVERNANCE AND ACCOUNTABILITY, WHETHER WITHIN OR OUTSIDE OF THE PUBLIC SECTOR, INCLUDING SCRUTINY BY ANY STAKEHOLDER, IN PARTICULAR BUT NOT EXCLUSIVELY BY MAINTAINING A NATIONAL CENTRE OF EXPERTISE AND PROMOTING NATIONAL DEBATE AND NETWORKS; 3.2 TO PROMOTE THE EFFECTIVE AND EFFICIENT PUBLIC ADMINISTRATION OF GOVERNMENT AND PUBLIC SERVICES FOR THE PUBLIC BENEFIT BY PROMOTING THE DEVELOPMENT OF AND IMPROVING THE PRACTICE OF PUBLIC SCRUTINY, GOVERNANCE AND ACCOUNTABILITY WITHIN GOVERNMENT AND THE DELIVERY OF PUBLIC SERVICES AND BY PROMOTING STANDARDS OF PROFESSIONAL CONDUCT AMONGST THOSE ENGAGED IN THE PROVISION OF AND ADVICE AND SERVICES IN THE FIELD OF PUBLIC SCRUTINY, GOVERNANCE AND ACCOUNTABILITY; AND 3.3 TO PROMOTE FOR THE PUBLIC BENEFIT ETHICAL STANDARDS OF CONDUCT, ACCEPTED PRINCIPLES OF GOOD GOVERNANCE AND COMPLIANCE WITH THE LAW BY GOVERNMENTAL, INDUSTRIAL, COMMERCIAL, VOLUNTARY SECTOR AND PROFESSIONAL ORGANISATIONS.

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Activities: The Centre for Governance and Scrutiny (CfGS) is social purpose consultancy and national centre of expertise. Our purpose is to help organisations achieve their outcomes through improved governance and scrutiny.

Classification

- **How:** Makes Grants To Organisations, Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research
- **What:** General Charitable Purposes, Education/training, Other Charitable Purposes
- **Who:** Other Defined Groups, The General Public/mankind

Geography

- **Area of benefit:** UNDEFINED. IN PRACTICE, NATIONAL
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£704,385	£602,689	£359,592	7
2024-03-31	£697,504	£774,245	£257,896	7
2023-03-31	£576,639	£596,177	£334,637	7
2022-03-31	£571,928	£531,469	£354,175	5
2021-03-31	£617,692	£548,840	£313,716	6

Trustees

Name	Role	Appointed
Councillor James Dawson		2024-10-29
Dr Catherine HOWE		2017-04-26
Helen Ruth Bailey		1999-01-31
Iain Murray		1979-07-06
Jonathan Chasey CARR-WEST		2013-06-24
Radhika Vaidya-Sahdev		2021-07-13

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Centre for Governance and Scrutiny

England & Wales - Charity number 1136243

Accounts

CfGS
Centre for Governance and Scrutiny

Centre for Governance and Scrutiny

Trustees' Annual Report

2024-2025

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CfGS's charitable objects

The Charity's Objects were amended with the consent of the Charity Commission and approved by a Special Resolution in May 2020.

The Charity's Objects are:

1. To advance education for the public benefit in the principles and practice of public scrutiny, governance and accountability, whether within or outside of the public sector, including scrutiny by any stakeholder, in particular but not exclusively by maintaining a national centre of expertise and promoting national debate and networks.

2. To promote the effective and efficient public administration of government and public services for the public benefit by promoting the development of and improving the practice of public scrutiny, governance and accountability within government and the delivery of public services and by promoting national standards of professional conduct amongst those engaged in the provision of advice and services in the field of public scrutiny, governance and accountability.

3. To promote for the public benefit ethical standards of conduct, accepted principles of good governance and compliance with the law by governmental, industrial, commercial, voluntary sector and professional organisations.

Chair's Foreword

In a year which has been a rollercoaster for the wider world and in particular for public services, this annual report is a welcome chance to step back and reflect. I am really proud of the contribution that CFGS makes to help the organisations which we work with navigate the challenges that are around us.

Our work in the sector has been underpinned by the team continuing to refine and develop our own operating model and core processes, making sure that we have a strong foundation for the work we are doing in so many places.

Our key lines of enquiry have helped shape our work and find the patterns and connections between the many and varied projects which we do. These range from looking at how a more relational design for constitutions can help make governance accessible and transparent to explorations around governance of place and the evolving role of members in a changing landscape.

These questions feel deeply relevant to how local democracy continues to renew itself as the structures that hold it evolve around us. We are grateful to all of the many organisations that we have worked with for their willingness to engage with the question of how we make better decisions.

Our conference this year rightly titled 'We are bold' drew out these challenges and opportunities in a vibrant and thoughtful event that we can't wait to build on in 2026.

Looking forward, the work of developing how our democracy and decision making responds to a changing world feels even more important. From the technical nature of designing new lines of accountability in mayoral (or not mayoral!) systems to making sure we don't lose the threads of accountability which connect local government to health and to policing as they both undergo their own huge changes.

Place has never been more important. As public services change the role of local democracy to anchor those changes in the real lives of our citizens is vital.

Dr Catherine Howe, Chair

Report of the Trustees

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

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and relevant Accounting Standards. The Trustees consider that the current level of the organisation's unrestricted funds and with the continuing likelihood of securing funding for periods beyond April 2025, 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 carrying out work that engages with our charitable objects. Our assessment of our capability in meeting those objects is set out in the next section.

The remainder of this part of the Annual Report sets out corporate activity undertaken to support the organisation's actions relating to its objects. The 2024/25 period was a period of continued stabilisation and consolidation for CfGS corporately.

The remainder of this part of the Report provides a summary of corporate activity relating to three principal areas of focus:

1. Financial management, where significant activity has been undertaken to improve and systematise core systems over the course of 2024/25;
2. The transition of the organisation to a new operating model, work which gathered pace in 2024/25 and will continue through 2025/26.
3. Ensuring our delivery management and project processes and quality assurance supports both stabilisation of our finances and evaluating impact.

Finally, this report will summarise other corporate activity undertaken in 2024/25 which designed to increase the capacity and capability of the organisation to meet its charitable objects.

Corporate activities

1. Financial Management

Financial Overview 2024–25

In last year's Annual Report, we set out how structural weaknesses in our financial systems had begun to affect CfGS's operations during 2022/23. These challenges continued to shape our work into 2023/24, particularly around project design, cost control, and financial management.

Over the past year, we have built on the work started in 2023/24 to strengthen our financial position and improve how we manage resources. This has been a deliberate process of stabilisation and reform, ensuring we have the systems and controls needed for sustainable delivery.

During 2024/25, we focused on:

- Introducing stronger financial controls, with cross-team approval now required for all new expenditure and client project initiation.
- Bringing more work in-house to reduce our reliance on external associates and the additional costs that brings.
- Reconciling invoices, purchase orders, and client agreements to recover a significant amount of aged debt.
- Closing our Mansell Street office (retained as a postal address only) and moving fully to home-based and remote working.

Together, these changes have stabilised CfGS's finances and created more accurate, transparent and real-time financial information. This has given both staff and Trustees a clearer view of the organisation's financial position and strengthened accountability across the board.

Financial review at the end of the 2025 reporting position

In 2024–25, the organisation maintained stable income of £704,385, significantly reduced expenditure to £602,689, strengthened financial controls and reporting, and increased unrestricted reserves to £359,592, resulting in a strong and sustainable financial position at year end.

Total income in the year was £704,385 (2024: £697,504).

Total expenditure was £602,689 (2024: £774,245).

Total funds carried forward was £359,592 (2024: £257,896) of which £nil (2024: £nil) was restricted.

There have been no significant events that have affected financial performance and financial position during the period.

Financial Management ahead

Reserves policy

Maintaining a strong cash position remains central to CfGS's financial health. We regularly update our three-month cash flow forecasts to track expected funds and compare them against our reserves policy.

CfGS' reserves policy was initiated by Trustees on 22nd April 2025 to ensure sufficient unrestricted funds are held to cover essential core costs for approximately 3–6 months to safeguard financial stability and continuity, while remaining flexible so that surplus reserves can be actively invested in delivering the charity's mission and long-term strategic objectives.

CfGS aims to hold unrestricted reserves of approximately £229,000, representing the average cost of 3–6 months of core operating expenditure, to ensure financial stability, meet essential commitments (including staff and critical services), protect against unexpected income disruption, and provide sufficient resilience while retaining flexibility to invest surplus funds in furthering its charitable objectives.

At year end the charity held total unrestricted reserves of £359,592 with no restricted funds, which exceeds the trustees' policy target of holding 3–6 months of core operating costs.

This approach helps us plan confidently and maintain sufficient liquidity to support ongoing delivery.

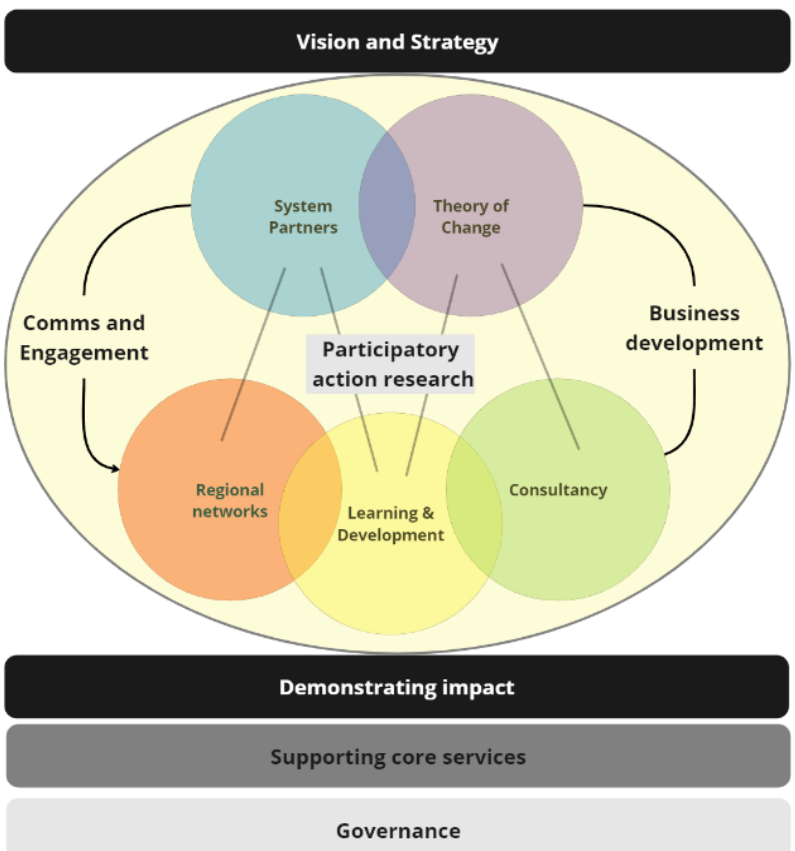
To make the best use of available funds, we plan to open a business savings account, generating modest interest while keeping reserves easily accessible. We will look to invest excess reserves into this account to generate additional income which can then be used to support the organisation in meeting its aims

This will ensure CfGS continues to hold funds securely and flexibly, in line with our reserves policy and our commitment to sound financial management in the year ahead.

Looking ahead

As we move into 2025/26, we are in a stronger position: financially disciplined, more efficient, and better placed to invest in growth and innovation in pursuit of our mission. We have continued to reinforce our controls and updated them, for example, the introduction of the ticket software for the conference. We have also updated the reporting as the year has gone on, including more comparative data and department reporting to provide better insights to the trustees.

2. Operating Model



Between April 2024 and March 2025 we made important progress in developing and embedding our operating model, strengthening the connection between how we work and the impact we want to have.

Over the year we focused on improving collaboration across our consultancy, research and training functions, enabling clearer links between our delivery work, the insights it generates, and our wider thought leadership. We also continued to shape the culture, values and behaviours needed for CfGS to operate as a learning organisation, including early steps to integrate equality, diversity and inclusion more consciously into our practice.

During this period we tested a dedicated Research and Impact Manager role, which, while not achieving all we initially envisaged, helped us refine our understanding of where insight generation should sit within the organisation. As a result, this function is now being embedded across all staff rather than held within a single post, strengthening shared ownership of learning and impact. We also recruited a new Director of Strategic Communications and Business Development, bringing additional leadership capacity to ensure that our external influence, partnerships and positioning are closely aligned with our operating model and strategic ambitions.

Together, these developments have laid strong foundations for the next phase of our organisational development, ensuring our internal ways of working more fully reflect the governance principles we champion externally.

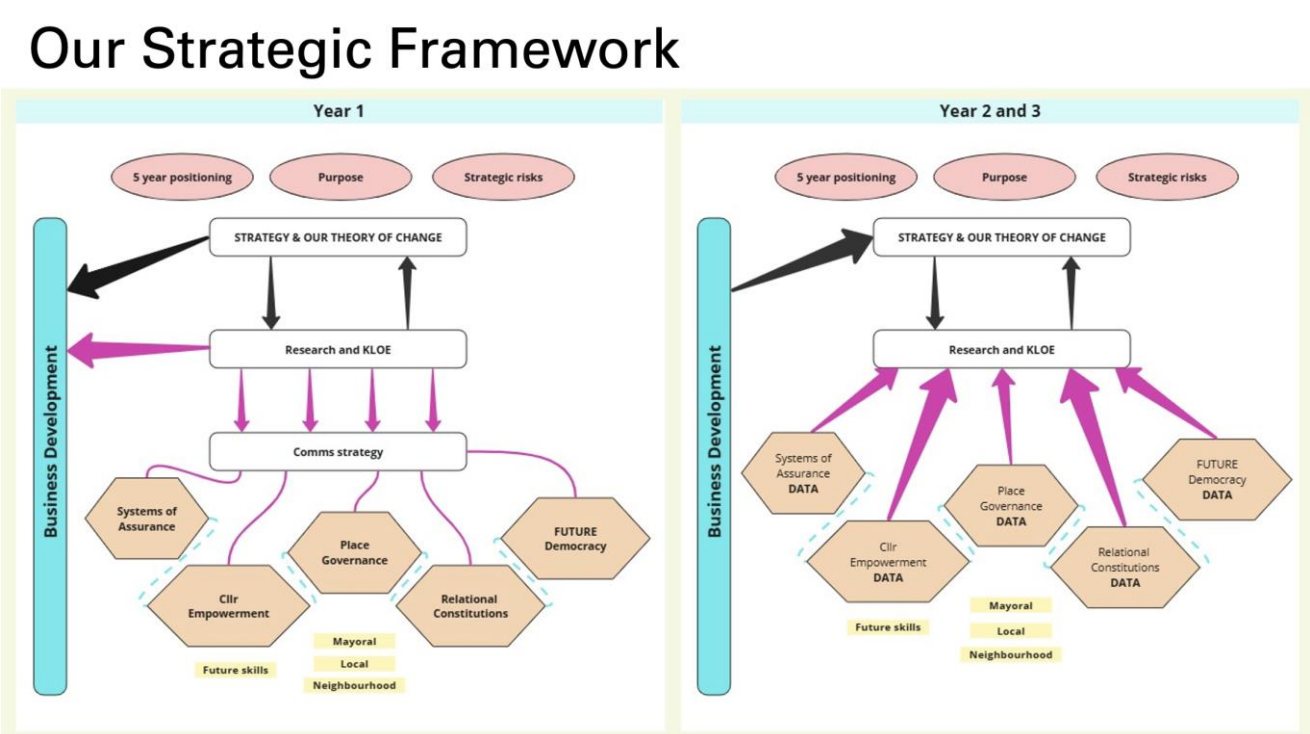
3. Strategic Framework

Early on in this year, we began developing Key Lines of Enquiry (KLoEs) to provide a structured framework for assessing, monitoring, and improving CfGS's operations, impact, and governance. They help us understand ourselves as an organisation, focus attention on what matters most, provide evidence for decision-making, and demonstrate our impact to stakeholders.

Our KLoEs:

- Relational Constitutions
- Systems of Assurance
- Councillor Empowerment
- Place Governance
- Future Democracy

This research informs our business and organisational development. Developed collaboratively with staff and trustees, the KLoEs will shape how we respond to a changing landscape of government reform over the next three years.



4. Delivery Management

Actions on the way we deliver our work

Client management and project initiation
Our rigourous approach to the initiation of projects continues, including the way we communicate and liaise with clients. All projects are logged and discussed in weekly finance control meetings, with opportunities for cross-team involvement and oversight.

Project reporting and oversight arrangements
Internal lessons learned is a more regular part of project closure. Board continue to play a valuable role in complex projects assurance. Finance and assurance arrangements are in place for quarterly review by Board. Work is underway witing the staff team for refreshing the methodology for the delivery of major projects.

Resource allocation and management
Salaries are determined based on affordability for the organisation, alongside projected inflation, measured by the Consumer Prices Index (CPI), alongside relevant benchmarking data to ensure pay remains competitive, up to date and economical.

Associate spend this year was kept to a minimum, reflecting lessons learned from previous years about managing these costs. Most of our work is now delivered in-house, in line with the staffing structure set out in our operating model.

Pricing
The organisation has brought more consistency to the way that client projects are priced at the proposal creation. Taking a more standardised project pricing process has prevented inconsistencies and resource "drift" that previously led to unplanned time and costs. By implementing a new consultancy day rate and a more accurate assessment of project timelines, financial outcomes have improved. These arrangements will continue to be kept under review.

Communications and business development
During 2024–25 we developed and launched a new brand, logo and website, strengthening our external identity and visibility.
We also significantly strengthened our communications capability with the appointment of a Director of Strategic Communications in December 2024. This has enabled a more intentional, planned and strategic approach to communications, supported by weekly updates and structured discussions.

Key areas of progress include:
- Developing a clear and consistent tone of voice aligned to our strategic objectives
- Supporting business development by working closely with teams
- Providing a clear focal point for business development activity
- Establishing a more coherent and consistent content strategy for social media

Our work

Delivery Snapshot

We worked with 97 amazing clients this year

We tackled challenges, explored opportunities together, and driven real change for your organisations and communities.

Your commitment to better governance, decision-making, and democracy inspires us every day.

Thank you for trusting us as your partner.

We look forward to continuing to make a difference together.

Babergh and Mid Suffolk District Councils
Barking and Dagenham
Basildon Borough Council
Bedford Borough Council
Bolsover District Council
Bournemouth, Christchurch & Poole Council
British Parking Association
Brent, London Borough of
Bromsgrove District Council
Camden, London Borough of
Castle Point Borough Council
Cherwell District Council
Cheshire East Council
Colchester City Council
Conservators of Ashdown Forest
Construction Industry Training Board
Cornwall Council
Coventry City Council
Croydon, London Borough of
Dacorum Borough Council
Devon and Torbay Combined Authority
Dudley Metropolitan Borough Council
East Devon District Council
East Midlands Combined Authority
East Riding of Yorkshire Council
East Staffordshire Combined Authority
Eastleigh Borough Council
Ealing, London Borough of
Euro Cities Network
Folkestone and Hythe District Council
Fylde Borough Council
Gateshead Council
Gloucester City Council
Greenwich, Royal Borough of
Hackney, London Borough of
Hertfordshire County Council
HFL Education
Hounslow, London Borough of
Islington, London Borough of
Lancashire County Council
Lancaster City Council
Leeds City Council
Lewisham, London Borough of
Lichfield District Council
Liverpool City Council
Maidstone Borough Council
Maldon District Council
Mears Group
Merton, London Borough of
Mid and East Antrim Borough Council
Neath Port Talbot County Borough Council
Newcastle City Council
Newham, London Borough of
North Hertfordshire District Council
North Tyneside Council
North West Employers
Norwich City Council
Nottingham City Council
Oldham Council
Pendle Borough Council
Portsmouth City Council
Redbridge, London Borough of
Reigate and Banstead Borough Council
Rochdale Borough Council
Rochford District Council/Rochford (Brentwood)
Rother District Council
Rotherham Metropolitan Borough Council
Royal Borough of Kensington & Chelsea
Rugby Borough Council
Rushmoor Borough Council
Sandwell Metropolitan Borough Council
Shropshire Council
Somerset Council
South Holland, Boston & East Lindsey Councils
South Yorkshire Mayoral Combined Authority
Southampton City Council
Southern Water
Stevenage Borough Council
Surrey County Council
Swindon Borough Council
Tees Valley Combined Authority
Teignbridge District Council
Test Valley Borough Council
Thurrock Council
Tower Hamlets, London Borough of
Waltham Forest, London Borough of
Wandsworth, London Borough of
Watford Borough Council
West Berkshire Council
West Lancashire Borough Council
West Midlands Fire & Rescue Authority
Winchester City Council
Wirral Council
Wokingham Borough Council
Worcester City Council
Wyre Borough Council
York City Council

Delivery Snapshot

Centre for Governance and Scrutiny

We delivered 109 projects across the breadth of England, Northern Ireland and for Eurocities between 31st March 2024-31st March 2025

45 Strategic Consultancy Projects

- ✓ **8** projects were related to constitutions - Activities ranged from reviewing and appraising constitutions, refining and drafting new ones, and supporting cultural change and implementation of any changes.
- ✓ **16** projects were focused on governance – Projects included governance change, committee structural change, decision-making improvement support and wider system reviews regarding democracy.
- ✓ **21** projects were specifically about scrutiny – This work was mainly focussed on scrutiny impact and developing improvement action plans. It also included development work for health scrutiny and scrutiny support for a private sector organisation.

64 Learning and Development Projects

- ✓ **1** was an action learning workshop
- ✓ **1** provided longer term coaching for Chairs
- ✓ 62 were general training projects with a wide range of topics, including; finance, scrutiny essentials, questioning skills and work programming.

Delivery Snapshot

Delivery funded by our LGA Grant

The Local Government Association (LGA) has been a longstanding and valued partner of CfGS. Through its grant funding, the LGA supports our work to:

1. Enhance understanding, skills, and practices across the sector, enabling effective governance and scrutiny. This is a general support offer to the sector and predominantly takes the form of short form publications designed to provide practical support to governance and scrutiny practitioners.

2. Nurture a culture of high performance within local government's overview and scrutiny functions, through the provision of assistance and advice (including training) to local authority scrutiny practitioners through regional networks.

3. Provide tailored support to individual councils, helping them improve governance systems, processes, and the attitudes and behaviours that underpin them. The focus of this support lies in strategic support – usually relating to constitutional and governance review, and improvement in council's experiencing failure, or the imminent risk of failure. However, support has also been provided to some authorities which are undertaking unique or unusual work on governance, or whose organisational and political context is particularly distinctive, requiring the provision of external expert support.

This year, in addition to the 85 days paid by the LGA, an additional grant from the LGA's regional budget was made to provide an additional number of days for direct support to councils.

Summary of direct support funding to councils covered by the LGA

Council	Description	Number of funded days per organisation		
		LGA national	LGA regional	Client days
Bournemouth, Christchurch & Poole	Work programming	3	2	3.5
Birmingham	Improvement support	10	9	0
Bromsgrove	Reviewing governance model	3	0	4
Cornwall	Scrutiny improvement	3	0	11
Dudley	Constitution review	5.5	3	0
East Devon	Scrutiny improvement	5	0	7
Pendle	Scrutiny action learning	7	0	7
Peterborough	Constitution review	10	0	4
Teignbridge	Governance change	5	0	5
Thurrock	Intervention support	14.5	0	14.5
West Lancashire	Governance change	9	3	0
Woking	Scrutiny improvement	10	8	0
Lancashire CC	Scrutiny action learning	0	2.5	0
TOTAL DAYS		**85**	**27.5**	**56**

Making an impact

Making an Impact

Impact overall

This part of the Annual Report provides an evaluation of the effectiveness of the work undertaken by CfGS undertaken during 2024/25.

CfGS's work continues to have a broad and deep impact within the local government sector as whole and for the clients with whom we work directly. Beyond the local government sector our work is more limited, although we have completed recent projects with clients in the public, private, co-operative and voluntary sectors.

How we currently monitor and evaluate impact

Our methodology addresses the way we evaluate (data collection and analysis) and what we evaluate (LGA Grant and client consultancy).

- We track data on the delivery of our contract with the Local Government Association (LGA), which relates to the LGA's improvement services grant from HM Government. Performance expectations are set collaboratively with Government and reported against monthly.

- At the close of each consultancy project, we actively gather verbal and written feedback through Microsoft Forms and produce detailed case studies. These capture not just what we did, but how we did it and the impact it delivered. While this represents a significant step forward, the approach isn't yet applied consistently. This will be a key focus as we continue to refine our practice.

Annual Survey of Overview and Scrutiny

The survey was open for just over three weeks, between 13th January 2025 and 9th February 2025 and explores the structure, effectiveness, and impact of scrutiny committees in English local authorities. Insights came from 148 people (officers, councillors, and cabinet members) across 91 different local authorities, providing a snapshot of current practices and perceptions of scrutiny's value. This year's report has a more visual approach, turning findings into infographics, including:

- Key themes scrutiny committees are focusing on, with insights into how they work.
- Information about diversity among Chairs and Vice-Chairs.
- Insight on place-based scrutiny; how councils are engaging with people and organisations beyond their own.
- Finally, how councils think scrutiny is working and share suggestions for strengthening its role.

Satisfaction with CfGS research & publications	%
To a great extent	41%
To a moderate extent	51%
To a small extent	8%
Not at all	3%
Total (excl. don't know and haven't seen any)	**100%**

Active Learning

Object 1: Education for the public benefit

CfGS Annual Conference March 2025

The "We Are Bold" Conference set out to reimagine what governance means in a changing local landscape. It was a call for courage; to question how power works, who holds it, and how it's shared. In a moment of reform and uncertainty, the conference urged those in scrutiny and governance to act with confidence and purpose: to challenge, to listen, and to help rebuild trust between institutions and the people they serve.

Its message was simple but urgent – that meaningful change begins when scrutiny is brave enough to lead it.

In total, 159 people took part in the conference as delegates, delivery team and panel members or workshop cohosts. Of these, 115 delegates from 71 organisations took part from councils, unitary authorities, professional and representative bodies, law and legal firms, Policing and Crime prevention, and Public Health and Research.

> *The wider team of scrutiny and governance practitioners across the UK are invaluable to me for advice, insight and guidance and the chance to meet up with them is what encourages me to attend conference. I was also challenged personally to think about creative ways that we can develop our scrutiny function rather than just sticking with the same, simple format for activities such as work programming and task and finish reviews.*
> **Anonymous, Conference evaluation survey**

Outcomes:

- Generated fresh thinking on effective scrutiny in future local government models.
- Strengthened sector-wide commitment to evolving governance and scrutiny.
- Sustained momentum through continued dialogue, regional events, and online resources.
- Equipped attendees with practical ideas, tools, and networks for action.

Active Learning

Object 1: Education for the public benefit

The Good Scrutiny Digest

From September 2024, we introduced a new, curated collection of practice-guides for local government scrutiny and governance. It includes tools, templates, top-tips and statutory guidance designed to support councillors, officers and scrutiny professionals in improving oversight, effectiveness and impact. The collection covers topics such as evidence-gathering, review processes, priority-setting, and navigating structural change. The guides are intended to be practical, accessible and to stimulate continuous improvement in scrutiny practice.

Between April 2024 and March 2025, 5 practice guides were published

- Relationships for effective governance and scrutiny
- Planning and priority setting
- Structures, resources and formal powers
- Running effective reviews
- Demonstrating impact

"Happy to say you easily met the KPI with 98% of respondents answering to at least a small extent of greater scrutiny knowledge (48 per cent to a great extent, 37 per cent to a moderate extent and 13 per cent to a small extent)." ***LGA***

"We are once again extremely happy with the results and to have surpassed both KPIs is great to see! CfGS continues to have a hugely positive impact and we look forward to another successful year!" ***LGA***

Our National Webinars

We ran **9** LGA funded national webinars over the year, in which a total of **528** took part. A new format was introduced, moving away from chalk and talk; panel members and facilitated breakout rooms to support participant collaboration

- Scrutiny of Budget Development
- Devolution and the New Government: Embracing a Mission-Led Approach
- Public Sector Bytes: Digital Transformation and Scrutiny
- Deliberative Democracy - So What for Scrutiny ?
- In-Year Financial Scrutiny
- Governance Change
- Sense-making from evidence - Unlocking the power of data for good governance
- Budget Scrutiny: Looking Forward. Scrutiny's role in financial planning all year round
- Demonstrating Impact - Asking the 'so what' question

Evaluation showed at least 98% of learning event attendees report that they have greater knowledge to support effective scrutiny within their authority through the reporting period.

Strengthening Governance

Object 2: Improving practice in public scrutiny, governance and accountability in government

Case study: West Midlands Fire and Rescue Authority

Following concerns relating to governance, the LGA and Home Office invited CfGS to conduct a review of recent governance arrangements. The intention was that the outcome of the work would inform ongoing improvement plans.

The work had to meet tight timescales, aligned with the need for the newly-appointed Corporate Governance Improvement Board (CGIB) to lay out an improvement plan. An additional complication was the presence of live legal issues which constrained aspects of CfGS's work and which made consistent and proactive internal communication with the Authority and WMFS about the work, its focus and outcomes especially important.

CfGS conducted interviews with staff and members and conducted a detailed review of documentary evidence. Our final report presented challenging findings, supported by a clear evidential framework.

The impact it has made

We highlighted a number of areas of governance practice which needed to be changed urgently. These centred on the roles exercised by members of the Authority generally - as decision-makers and as scrutineers, and as political leaders who require robust assurance on the business of the WMFRA and the fire service.

We also reviewed weaknesses around information sharing (particularly in respect of finance and risk matters at the Audit Committee) and set out a range of recommendations to address these, and connected, issues.

These were challenging messages for members of the Authority, and senior staff, to hear. With this in mind, we engaged closely with key leaders and with the Improvement Board around the production and publication of the final draft and worked with the Chair of the Improvement Board around the translation of recommendations into a framework for a Governance Improvement Plan, which was agreed by CGIB in Q1 of 2025.

Cultural Shift

Object 2: Improving practice in public scrutiny, governance and accountability in government

Case study: Newham Council

Newham Council knew that to make real change, scrutiny had to be more than a process. It had to be something that built trust, brought people together, and gave residents' voices weight in the decisions that shaped their lives. When Newham partnered with CfGS, it wasn't to tick off another review. It was to co-create a shared way of learning and working that would make scrutiny more confident, connected and ultimately, capable of delivering genuine impact.

Through a series of co-designed workshops with councillors and officers, exactly what effective scrutiny should look like was explored, including how it can amplify residents' voices. The key was identifying the behaviours that build trust and improve decision-making. Each person who took part made a personal pledge, contributing to a live action plan that evolved with the group's insights.

The aim was to improve scrutiny as a system across the Council, and more broadly, to improve governance across the whole organisation. This approach turned scrutiny from a paper compliance exercise into a more collective practice of reflection and accountability.

> *It's about building a full system of governance and scrutiny, not just fixing isolated problems.*
> **Kirk Dede - Director of Corporate Services and Business Support**

The impact it has made

The difference is already visible. Scrutiny in Newham is now more confident, outward-looking and connected. Members are shaping national discussions and leading by example, showing what modern, purposeful scrutiny can look like.

Inside the Council, scrutiny has become more strategic. Meetings focus less on procedure and more on outcomes; questioning is sharper and better informed. Reports and public communications have improved, and the relationship between officers and members has become more open and confident. Officers and members are working together with renewed trust, seeing scrutiny as a space for learning rather than confrontation.

Transparency has also improved, with a new website and better reporting to make scrutiny more accessible to residents. Collectively, these changes have helped reposition scrutiny as an essential part of good governance within a system that strengthens democracy rather than simply checking it.

The work has also strengthened Newham's internal governance culture. Senior leadership helped sustain focus amid competing pressures, while flexibility and openness kept people engaged. As one participant reflected, *"The answers were already in the room – we just needed the space to find them together."*

By working together and taking time to reflect, Newham has started to make scrutiny a natural, active part of how the Council makes decisions. The change isn't just about new systems or committees – it's about people learning, listening, and improving how they govern together.

Transforming Scrutiny

Object 2: Improving practice in public scrutiny, governance and accountability in government

Case study: York

At City of York Council, CfGS's Scrutiny Impact Review marked a turning point. A change in political leadership and the findings of an LGA Corporate Peer Challenge had exposed a simple truth: York's scrutiny system was working hard but not working well. Four committees, a "never-ending cycle" of meetings and reports gave the appearance of activity, yet real impact was elusive. Members felt that scrutiny often became lost in operational detail, while a breakdown of trust between councillors and officers made it difficult to challenge or collaborate effectively.

CfGS's review offered space for honest reflection and a review of scrutiny's function as a tool for strategic oversight and improvement. There was a strong tendency to continue with established habits and approaches, rather than adapting to more modern, outcome-focused models of scrutiny that other councils have successfully embraced.

Through open conversations, member workshops and officer interviews, the process gave everyone from backbenchers to senior managers permission to acknowledge what was not working and imagine something better. Drawing on examples from across local government, CfGS helped York rebuild confidence and see that scrutiny could be leaner, more strategic and more confident. The answer was not more meetings; it was clarity, culture and purpose.

The impact it has made

The changes were bold but practical. The Council reduced its scrutiny committees and meetings by two thirds, freeing capacity to focus on what matters most. An opportunity was seized to reshape how scrutiny was supported and delivered. By reducing the number of formal scrutiny meetings and committees, the Council could significantly ease the administrative burden on Democratic Services Officers (DSOs). Plans for a dedicated scrutiny officer role are under way, giving members the right support to dig into complex issues and produce evidence-based recommendations.

The impact has already been tangible. Senior officers, previously stretched thin across multiple committees, now have time to engage more meaningfully. Members across political lines have come together around a shared vision for improvement, rebuilding trust and common purpose.

Scrutiny at York now feels purposeful, outward-looking and connected to real outcomes, a genuine shift from routine oversight to active inquiry.

> *What made the difference was the honesty. Once everyone could admit that scrutiny wasn't working, we could start to make it work better.*
> **Bryn Roberts - Director of Governance and Monitoring Officer**

Diversity in Governance

Object 3: Promotion of good governance principles

Case study: British Parking Association

The British Parking Association (BPA), a large and diverse membership organisation representing both local authorities and private sector companies, asked us to review its governance structures. The Association had undergone a period of internal change and recognised the need to ensure that its complex network of committees and decision-making bodies remained fit for purpose.

Although the BPA's governance framework was extensive and well-established, questions had begun to surface about whether it was working as effectively as intended. Governance featured heavily in every board meeting, prompting reflection on whether the system was over-engineered, sufficiently inclusive, and responsive to its members. The organisation had also experienced internal tensions which tested existing arrangements, reinforcing the need for an independent perspective.

Our role was to undertake a diagnostic review examining the structures, roles, and relationships across the Board, Council, and committees, and to identify opportunities for greater clarity, efficiency, and transparency. This included assessing how decisions were made, how members' voices were represented, and whether the governance model supported the BPA's ambition to remain agile and relevant in a rapidly changing industry.

The impact it has made

The review gave the BPA space to pause and take a good look at itself, which is something it hadn't done for some time.

Our findings and recommendations sparked open and honest conversations and led to real change. The team's transparent way of working and the mix of voices involved helped the BPA reflect on issues of diversity and representation at senior levels.

Clearer boundaries are now in place between the Council, which speaks for members, and the Board, which leads the business. Simplifying structures and decision-making has improved communication, transparency and agility.

As a result, the BPA has introduced independent Board members to broaden skills and perspective, strengthened succession planning, and made leadership roles more accessible to newer and more diverse members. There's now greater confidence in how the organisation governs itself — more open, inclusive and equipped for the future.

> *Reviewing and refreshing our governance arrangements, last remodelled a decade ago, was essential to confirm our original objectives and ensure continued relevance. CFGS played a crucial role, validating our structure and identifying ways to improve efficiency, clarity, and capability.*
> *These enhancements are now being implemented.*
> **Kelvin Reynolds - Executive Consultant and Company Secretary**

CfGS Governance

Governance & Management

Governing document

The Centre for Governance and Scrutiny (CfGS) is a company limited by guarantee. Originally formed in 2003, 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 (through a change to the wording of the Charity's Objects) 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 2024/25 CfGS had a total of four independent Trustees and three Trustees nominated by its founder and corporate members (the LGA, CIPFA and LGIU). Independent Trustees were 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.

Trustees were involved in a series of strategy workshops in the first half of 2024/25. The object of this was to ensure that Trustees are fully engaged in the development of CfGS's move to a new operating model. Arising from this work it is expected that a more detailed review of the Board's modes of operation will be taken, which is likely to include an evaluation of training and development activity. Plans for this will be developed during 2026.

Who we are

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, plus review key policies, oversee the management of risk and to carry out other business as required. There is no formally constituted audit committee. Audit matters are reported and taken at ordinary meetings of the Board.

Board meeting attendance in 2024/25	
Dr Catherine Howe	4/4
Dr Jonathan Carr-West	3/4
Radikha Vaidya-Sahdev	2/4
Juliet Baker	3/4
Andrew Burns	3/4
Helen Bailey	4/4
*Sam Corcoran	1/2
James Dawson	2/2

The Board is fortunate to be supported at each meeting by our dedicated Company Secretary, Matt Marsh. We would like to extend our heartfelt thanks to Matt for generously volunteering his time and expertise. Anthony Collins Solicitors kindly waives any fee for this work, reflecting a remarkable commitment to CfGS and its mission.

*We thank Sam Corcoran for his input, prior to handing over to James Dawson.

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 Charity, 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 2024/25, 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 Sam Corcoran held this responsibility independently for part of the year, until he was replaced by James Dawson in October 2024.
- CfGS continues to procure a range of services, including management accounting, finance system, payroll and other HR support.

Management of risk

The Trustees' risk management strategy includes:

- **Quarterly reviews** of organisational and financial risks as part of the business planning process, so that the most significant and likely risks are identified along with their potential impacts (see examples in the table below).
- **Assessing and strengthening procedures and systems** to ensure that appropriate measures are in place to mitigate identified risks.
- **Ongoing monitoring** of the implementation and effectiveness of these procedures and systems to minimise any adverse impact on CfGS.

Complex projects are identified by staff for Board discussion and oversight along with in-depth lessons learned analysis.

Risks attached to key activities	Mitigations
White Paper – impact on delivery pipeline	Comms and product response developed; reframed conversations with councils around change-readiness and governance support
New Government – sector uncertainty	Increased thought leadership and communications to maintain visibility; recruitment of new Strategic Comms Director
Organisational culture and operating model	Roadmap for change developed; proposal to invest in external expertise to drive behavioural and cultural shift.
Staff turnover and capacity pressures	Recruitment completed; operating model emphasises team-based delivery to build resilience.

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 our accountants at Price Bailey, who provide financial guidance to CfGS). It also requests interim reports in between when deemed necessary.

Finances

Statement of Trustees' responsibilities

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 independent examination

In so far as the Trustees are aware:

- There is no relevant independent examination information of which the charitable company's independent examiner is unaware; and
- The Trustees have taken all reasonable steps to make themselves aware of any relevant independent examination information and to establish that the independent examiner 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 and signed on 16 Dec 2025 on their behalf by: Catherine Howe

Dr Catherine Howe, Chair

Catherine Howe (Dec 16, 2025, 5:39pm)

CfGS
Centre for Governance and Scrutiny

Financial Statements

CENTRE FOR GOVERNANCE AND SCRUTINY

(A Company Limited by Guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

Charity Number: 1136243
Company Number: 5133443

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2025

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
Contact details	info@cfgs.org.uk 020 7543 5627

Trustees and directors

Dr Catherine Howe	Chair and Independent Trustee
Jonathan Carr-West	Vice Chair and Local Government Information Unit (LGIU) - Nominated Trustee
Andrew Burns	Chartered Institute of Public Finance and Accountancy (CIPFA) - Nominated Trustee (resigned 31 October 2025)
Helen Bailey	Independent Trustee
Juliet Baker	Independent Trustee
Radhika Vaidya-Sahdev	Independent Trustee
Stephen Corcoran	Independent Trustee (Resigned 19 September 2024)
James Dawson	Independent Trustee (Appointed 29 October 2024)

Senior Staff

Mel Stevens	Chief Executive
Ed Hammond	Deputy Chief Executive

Company Secretary

Matt Marsh	Company Secretary

Bank	Barclays, UK Banking, 1 Churchill Place, London, E14 5HP
Solicitors	Local Government Group's Legal Services Panel, which includes: Bevan Brittan, Pinsent Masons, Wragge & Co and Sharpe Pritchard
Independent examiner	Price Bailey LLP Tennyson House, Cambridge Business Park Cambridge, CB4 0WZ

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES
FOR THE YEAR ENDED 31 MARCH 2025

I report to the charity trustees on my examination of the accounts of the company for the year ended 31 March 2025 which are set out on pages 4 to 17.

Responsibilities and basis of report

As the charity trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Price Bailey LLP have provided book-keeping services to the Charity. I have applied the FRC's Revised Ethical Standard. PAASE has been applied for this engagement.

Independent examiner's statement

Since the company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of The Institute of Chartered Accountants of England and Wales (ICAEW), which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Suzanne Goldsmith FCA

Price Bailey LLP
Chartered Accountants
Price Bailey LLP, Tennyson House, Cambridge Business Park, Cambridge, CB4 0WZ
Date: 22 December 2025

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2025

	Note	Unrestricted Funds 2025 £	Restricted Funds 2025 £	Total Funds 2025 £	Total Funds 2024 £
Income from:					
Donations and legacies					
Grants receivable	2	7,799	245,727	253,526	204,949
Income from charitable activities					
Projects and services	3	433,373	-	433,373	457,417
Conference and other income	3	17,472	-	17,472	22,862
Investment income	4	14	-	14	12,276
Total income		**458,658**	**245,727**	**704,385**	**697,504**
Expenditure on:					
Charitable activities	6	356,962	245,727	602,689	774,245
Total expenditure		**356,962**	**245,727**	**602,689**	**774,245**
Net income/(expenditure) for the year, being movement in funds		**101,696**	**-**	**101,696**	**(76,741)**
Reconciliation of funds:					
Total funds brought forward		257,896	-	257,896	334,637
Total funds carried forward	14	**359,592**	**-**	**359,592**	**257,896**

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 7 to 17 form part of these financial statements

COMPANY NUMBER: 5133443

BALANCE SHEET AS AT 31 MARCH 2025

	Note		2025 £		2024 £
Current assets					
Debtors	10	86,540		113,549	
Cash at bank and in hand		330,889		218,384	
		417,429		331,933	
Liabilities					
Creditors: amounts falling due within one year	11	(57,837)		(74,037)	
Net current assets			359,592		257,896
Total net assets			359,592		257,896
The funds of the charity:					
Restricted funds	13		-		-
Unrestricted funds	13		359,592		257,896
Total funds			359,592		257,896

The Trustees consider that the charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the charity to obtain an audit for the year in question in accordance with section 476 of the Act.

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

Approved by the trustees on 16 Dec 2025 and signed and authorised for issue on their behalf by: Catherine Howe

Catherine Howe (Dec 16, 2025, 5:39pm)

Dr Catherine Howe
Chair

The notes on pages 7 to 17 form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

	2025 £	2024 £
Cash flows from operating activities:		
Net income/(expenditure) for the year (as per the SOFA)	101,696	(76,741)
Adjustments for:		
Decrease in debtors	27,009	14,217
(Decrease)/increase in creditors	(16,200)	18,876
Interest received	(14)	(12,276)
Net cash provided by operating activities	112,491	(55,924)
Cash flows from investing activities:		
Interest received	14	12,276
Net cash provided by investing activities	14	12,276
Change in cash and cash equivalents in the reporting period	112,505	(43,648)
Cash and cash equivalents at the beginning of the period	218,384	262,032
Cash and cash equivalents at the end of the reporting period	330,889	218,384
Cash and cash equivalents consists of:		
Cash in hand	330,889	218,384
Total cash and cash equivalents at end of the period	330,889	218,384

The notes on pages 7 to 17 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

1 Accounting policies

General information
The Charity is a company limited by guarantee and was incorporated in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity of which there were 3 (2024: 3) at the year end. The registered office is 77 Mansell Street, London, E1 8AN . The registered company number is 05133443 and the registered charity number is 1136243.

1.1 Basis of preparation
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.

The financial statements are presented in pounds sterling (£), rounded to the nearest pound.

1.2 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.

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 2026 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.

1.3 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.

1.4 Income
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.

1 Accounting policies (continued)

1.4 Income (continued)

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.

1.5 Expenditure

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 7.

1.6 Investment income

Up until January 2024, 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.

1 Accounting policies (continued)

1.6 Investment income (continued)
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.

1.7 Debtors
Trade and other debtors are recognised at the settlement amount after any trade discount offered.

Prepayments are valued at the amount prepaid net of any discounts due. Accruing income is included at the best estimate of the amounts receivable at the balance sheet date.

1.8 Cash at bank and in hand
Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.9 Creditors
Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any discounts due.

1.10 Pensions
The Charity provides a defined contribution pension scheme, whereby the charity and its staff each fund the scheme, managed by a third party provider, the assets of which are held by the provider separately from the assets of the charity. The pension charge in the financial statements represents the amounts payable by the charity to the fund in respect of the period.

1.13 Taxation
The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the 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.

1.14 Financial instruments
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Fixed assets are recorded at depreciated historical cost.

1.15 Critical accounting estimates
The are no judgements or critical accounting estimates which have been used in the preparation of these financial statements.

2 Income from donation, grants and legacies

	Unrestricted 2025 £	Restricted 2025 £	Total 2025 £
Voluntary income and grants	7,799	245,727	253,526

	Unrestricted 2024 £	Restricted 2024 £	Total 2024 £
Voluntary income and grants	-	204,949	204,949

Voluntary income and grants mainly relate to funding from other related sector bodies. It is allocated to the main activities of the charity.

3 Income from charitable activities

	Unrestricted 2025 £	Unrestricted 2024 £
Services recharged	433,373	457,417
Conferences and other income	17,472	22,862
Total	450,845	480,279

Services recharged include publications, consultancy and project delivery.

4 Investment income

	Unrestricted 2025 £	Unrestricted 2024 £
Bank interest	14	12,276

5 Net (expenditure)/income for the year is after charging:

	2025 £	2024 £
Independent examination fee	1,640	1,560
Fees payable to the Charity's Independent Examiner in respect of other services	19,552	15,987
	21,192	17,547

6 Expenditure on charitable activities

	2025 Direct costs	2025 Support costs (note 7)	2025 Total
	£	£	£
Events	35,359	-	35,359
Other Programmes	222,104	341,270	563,374
Consultancy	3,956	-	3,956
Total	261,419	341,270	602,689

2024 comparative

	2024 Direct costs	2024 Support costs (note 7)	2024 Total
	£	£	£
Events	25,528	-	25,528
Other Programmes	410,507	223,176	633,683
Consultancy	115,037	-	115,037
Total	551,072	223,176	774,248

in 2025 £245,727 (2024: £204,949) of the above costs were attributable to restricted funds. £356,962 (2024: £590,686) 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.

7 Breakdown of support costs

	2025 £	2024 £
Staff costs	267,372	121,300
Office costs	1,600	4,892
IT	16,599	8,779
Legal and advertising	714	-
Travel costs	9,795	24,441
Bank fees	641	322
Service charges	8,406	36,495
Subscriptions	498	1,184
Other staff costs	1,067	279
Donations	300	-
Printing and postage	1,469	344
Insurance	8,117	7,793
Other accountancy costs	18,692	11,347
Governance costs (note 8)	6,000	6,000
	341,270	223,176

The support costs have been alocated on an activity basis in the current year.

8 Governance costs

	2025	2024
	£	£
Accountancy costs	6,000	6,000

9 Analysis of staff costs and key management personnel

	2025	2024
	£	£
Wages and salaries	413,345	401,927
Employers national insurance	49,412	43,190
Pension costs	20,859	24,602
Agency staff fees	5,861	61,879
	489,477	531,598

The key management personnel consist of the Chief Executive (CE) and Deputy Chief Executive. The total cumulative benefits including employers national insurance and pension contributions paid during the year were £203,453 (2024: £195,990).

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2025	2024
In the band £60,001 - £70,000	1	-
In the band £80,001 - £90,000	1	2
In the band £90,001 - £100,000	1	-

The average monthly number of employees was 7 (2024: 7).

Trustee remuneration

During 2025 no Trustee received any emoluments in respect of services to CfGS (2024 – £nil), neither were they reimbursed any expenses during the period (2024: £nil).

10 Debtors

	2025 £	2024 £
Trade debtors	65,858	104,895
Prepayments and accrued income	17,540	8,117
Other debtors	3,142	537
	86,540	113,549

11 Creditors: amounts falling due within one year

	2025 £	2024 £
Trade creditors	12,931	14,908
Other creditors	13,555	11,391
Accruals and deferred income	10,900	14,900
Other taxation and social security	20,451	32,838
	57,837	74,037

12 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.

13 Funds

	As at 1 April 2024	Income	Expenditure	As at 31 March 2025
	£	£	£	£
Unrestricted Funds	257,896	458,658	(356,962)	359,592
Restricted Funds:				
LGA grant	-	245,727	(245,727)	-
	257,896	704,385	(602,689)	359,592

Funds comparative

	As at 1 April 2023	Income	Expenditure	As at 31 March 2024
	£	£	£	£
Unrestricted Funds	334,637	492,555	(569,296)	257,896
Restricted Funds:				
LGA grant	-	204,949	(204,949)	-
	334,637	697,504	(774,245)	257,896

Restricted fund	Description, nature and purpose of the fund
LGA grant	Funding for 2024/25 to support the improvement and effectiveness of the overview and scrutiny functions of local authorities in England, as well as providing support to the sector on broader issues.

14 Net assets by fund

2025	Unrestricted funds £	Restricted funds £	Total funds 2025 £
Current assets	417,429	-	417,429
Creditors: amounts falling due within one year	(57,837)	-	(57,837)
	359,592	-	359,592

2024	Unrestricted funds £	Restricted funds £	Total funds 2024 £
Current assets	331,933	-	331,933
Creditors: amounts falling due within one year	(74,037)	-	(74,037)
	257,896	-	257,896

15 Pension commitments

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in independently administered funds. The total pension cost charge represents contributions payable by the Charity to the funds and amounted to £20,859 (2024: £24,602). Amounts outstanding at the end of the period total £3,679 (2024: £4,964) and are included in creditors.

16 Related party transactions

In 2025, CfGS paid a service charge to the LGA , the member of CfGS, £nil (2024: £43,972) for a range of services, including management accounting, access to a finance system, payroll and other HR support.

In the year restricted grants were received from the LGA of £245,727 (2024: £204,949).

There were no amounts outstanding at the year end (2024: £nil).

No further related party transactions took place in the period (2024: £nil).

CfGS

Centre for Governance and Scrutiny

Centre for Governance and Scrutiny

England & Wales - Charity number 1136243

Accounts

CfGS
Centre for Governance and Scrutiny

Centre for Governance and Scrutiny

Trustees' Annual Report

2023-2024

Contents

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2. Charitable Objects
3. Report of the Trustees
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CfGS's charitable objects

The Charity's Objects were amended with the consent of the Charity Commission and approved by a Special Resolution in May 2020.

The Charity's Objects are:

1. To advance education for the public benefit in the principles and practice of public scrutiny, governance and accountability, whether within or outside of the public sector, including scrutiny by any stakeholder, in particular but not exclusively by maintaining a national centre of expertise and promoting national debate and networks.

2. To promote the effective and efficient public administration of government and public services for the public benefit by promoting the development of and improving the practice of public scrutiny, governance and accountability within government and the delivery of public services and by promoting national standards of professional conduct amongst those engaged in the provision of advice and services in the field of public scrutiny, governance and accountability.

3. To promote for the public benefit ethical standards of conduct, accepted principles of good governance and compliance with the law by governmental, industrial, commercial, voluntary sector and professional organisations.

Chair's Foreword

The annual report is a chance to step back and reflect and, as I hope you will see in this report, there has been a huge amount of activity to reflect on.

It feels appropriate for an organisation dedicated to governance and scrutiny takes stock of its own internal processes and that has been a key focus over the last year. I am delighted to say that the work that the team have done has not only made sure we have robust internal governance and decision making, but also that it is inclusive, participatory and transparent - very much in keeping with our we work within the sector.

Our new operating model brings to life the different domains in which we work to make a difference - and focuses on how we do our work, not just what we do. It feels like a fitting finale to our internal reflections to launch our new brand and website - communicating more effectively to the world about our work.

Our work this year has been diverse and exciting, ranging from constitutional reviews, work on the culture of decision making and in many cases working with organisations who are in a deeply challenging place where governance is just one part of a complex picture. We are grateful to all of the many organisations that we have worked with for their willingness to engage with the question of how we make better decisions.

Looking forward, we are at a point of enormous change and challenge for local government but really for all parts of the system which are looking to deliver public services. There are opportunities to do things differently and evolve the way we work in order to reflect the very best practice of the past with tools and techniques of today and tomorrow.

Governance, accountability and scrutiny are at the very heart of a thriving democracy. They help us make better decisions and help us understand decisions that are made. As we all navigate a complex world these are important principles to champion in all elements of public services and I am very proud of the work we do to do exactly that.

Thank you for your interest in our work.

Dr Catherine Howe, Chair

Report of the Trustees

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

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and relevant Accounting Standards. The Trustees consider that the current level of the organisation's unrestricted funds and with the continuing likelihood of securing funding for periods beyond April 2025, 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 carrying out work that engages with our charitable Objects. Our assessment of our capability in meeting those Objects is set out in the next section.

The remainder of this part of the Annual Report sets out corporate activity undertaken to support the organisation's actions relating to its Objects. The 2023/24 period was a period of continued stabilisation and consolidation for CfGS corporately. Actions against the Interim Plan agreed by the Board in 2022 were completed and steps are now well under way to shift the organisation to a new operating model framed around a more relational and collaborative way of working.

The remainder of this part of the Report provides a summary of corporate activity relating to three principal areas of focus:

1. Financial management, where significant activity has been undertaken to stabilise and systematise core systems over the course of 2023/24;
2. The transition of the organisation to a new operating model, work which has begun in 2023/24 and will continue through 2024/25.
3. Ensuring our delivery management and project processes and quality assurance supports both stabilisation of our finances and evaluating impact.

Finally, this report will summarise other corporate activity undertaken in 2023/24 which designed to increase the capacity and capability of the organisation to meet its charitable objects.

Corporate activities

1. Financial Management

The 2022/23 Annual Report made reference to structural financial weaknesses which had emerged in the latter part of that year. The impact of these weaknesses continued to make themselves felt over the duration of 2023/24 evidenced by:

- Inconsistent approaches to project design and initiation (as noted in the previous Annual Report)
- Limited cost control, especially on projects where external assistance was procured from CfGS Associates
- Weaknesses in financial management caused in part by poor communication between CfGS and the LGA (who at the operative time were contracted by CfGS for the provision of our support services, including financial management and accountancy services).

While these challenges did not affect CfGS's substantive delivery of client projects, it did affect the profitability of some of those projects, and the way that resources were managed to assure their delivery.

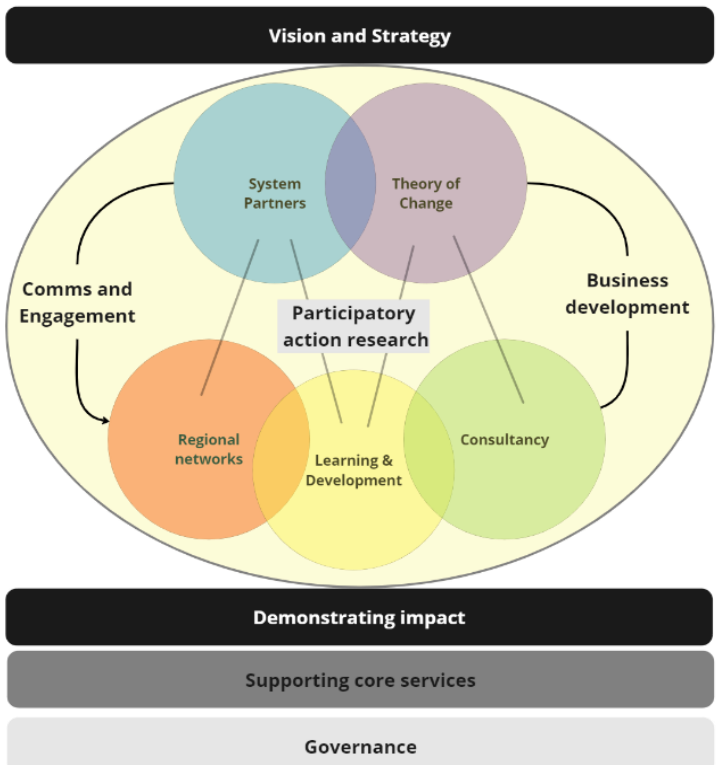
This position led to the emergence mid-year of a variance between CfGS's projected, and actual, budget position. It was exacerbated by the continuation of the problem, highlighted in the previous Annual Report, of a lack of accurate, real-time management information about the organisation's financial position, making it difficult to take actions to mitigate.

Actions to mitigate this included:

- The introduction of new financial control arrangements, requiring cross-team approval for any new expenditure and for the initiation of new client projects.
- Bringing more delivery work in house, thereby reducing an over-reliance on associates and their costs to the organisation.
- A significant exercise to manually reconcile invoices, purchase orders, and client agreements, involving work to recover a substantial amount of aged debt.
- A review of all our core services contracts which resulted in terminating our support services contract with the LGA and entering into new agreements with Price Bailey (for accountability and financial management), Citrus HR (now Safe HR) for human resources services and changing our IT support supplier.

These, and connected actions supported the stabilisation of the CfGS budget position, and importantly provided more accurate, transparent real time information about CfGS's budget in a way that is visible and accessible to all CfGS staff and Trustees in a way not previously possible.

2. New Operating Model



As anticipated in the 2022/23 Interim Plan, the 2023/24 period has involved work to prepare the organisation for a new model of working, including different expectations for how staff will work together, and how the organisation will collaborate with its partners. This plan has been developed iteratively and will continue to mature into 2024/25.

Working to a new operating model has involved necessary changes to our accommodation and the staffing of CfGS. With the staff team making limited use of CfGS's office facilities, and with CIPFA choosing to re-let part of its building to external tenants, CfGS took the opportunity to become entirely remote although 77 Mansell Street remains the Charity's registered address. This change has resulted in a modest financial saving. The organisation was able to take advantage of the departure of the then-Operations Manager in autumn 2023 to create a new, more senior, post of Head of Operations, holding a range of more strategic duties relating to the management of the organisation in support of the Chief Executive's duties.

Towards the end of the 2023/24 CfGS's financial position was such that we were able to confirm plans to recruit staff to occupy two new posts. The new operating model has a stronger focus on learning and development and research and impact, so in December 2023, our two Research and Project Officer posts were made redundant (with both members of staff were able to move to new permanent full-time positions within the local government sector) and two new posts of Research and Impact Manager and Learning and Development Manager were advertised for recruiting to. At the end of March 2024, the staff complement was four FTE and one 0.8 FTE. Confirmed recruitment plans involve the staff complement rising to six FTE and one 0.8 FTE during 2024/25.

The Board plans to hold a series of strategy sessions in the first two quarters of 2024/25, which will further develop CfGS's operating model, vision and strategy.

3.Delivery Management

Action on the way we deliver our work

Client management and project initiation

Significantly more rigour has been brought to the initiation of projects through the introduction of new systems for initial client communication and liaison. This follows through to action on pricing, which is described in more detail below.

Project reporting and oversight arrangements

Further enhancements to the way that delivery commitments are logged, and that high value and complex projects are subject to collaborative discussion amongst the team, have built on activity undertaken during 2022/23 to bring more consistency and rigour to project management. Although quality assurance arrangements are not yet systematic (in part because steps have not yet been undertaken to build quality assurance into a refreshed methodology for the delivery of major projects), there have been cross-team improvements in project ownership and oversight.

Resource allocation and management

Despite the last Annual Report having noted that steps had been successfully taken to better use Associates, and staff resources, within budget, it became apparent in the early part of 2023 that there was still too little rigour in the management of expenditure on external resource to support projects. This led to a substantial overspend on Associates in the first half of 2023 – strong consultancy performance through the year managed to defray this issue, as did the introduction in the early autumn of 2023 of more rigorous financial controls.

Pricing

The organisation has brought more consistency to the way that client projects are priced at the proposal creation. Taking a more standardised project pricing process has prevented inconsistencies and resource "drift" that previously led to unplanned time and costs. By implementing a new consultancy day rate and a more accurate assessment of project timelines, financial outcomes have improved. These arrangements will continue to be kept under review.

Communications

CfGS has continued a more strategic approach to communication, as begun in 2022/23. Work is ongoing to fully integrate this activity with wider business development, and to ensure that external communications involve the visibility of a wider range of staff members. Internally, staff communication has improved through the introduction and use of Slack, a collaboration and messaging platform.

Moving to a new model of assessing and reporting impact

An important element of the shift to a new operating model will be the development of new methodologies for sensemaking on the impact of CfGS's work, anchored in the organisation's charitable objects. This will involve the development of new frameworks and approaches that enable deeper understanding, insights and information about our impact in future Annual Reports. This Report provides some of this impact information, with the caveat that the systems for gathering and assurance of impact are still developing.

Our Work

Delivery Snapshot

We have worked with 96 clients over the year

This year, we had the privilege of working with 96 incredible clients across the country. Their commitment to improving governance, decision-making, and democracy inspires us every day. Together, we've tackled challenges, explored opportunities, and created real change for their organisations and communities.

To each of you, thank you for trusting us as your partner. Your collaboration fuels our mission, and we look forward to continuing to make a difference together in the years to come.

- Accelerated Access Collaborative
- Ashford Borough Council
- Babergh & Mid Suffolk Councils
- Barnet Council
- Birmingham City Council
- Blaby District Council
- Bournemouth, Christchurch & Poole Council
- Brent Council
- Bromsgrove District Council
- Cambridge City Council
- Cherwell District Council
- Cheshire East Council
- Cheshire West and Chester Council
- Coop
- Cornwall Council
- Cotswold District Council
- Croydon Council
- Dacorum Borough Council
- Darlington Borough Council
- Derby City Council
- East Devon District Council
- East Hertfordshire District Council
- East Staffordshire Borough Council
- Folkestone & Hythe District Council
- Forest of Dean District Council
- Hackney Council
- Harborough District Council
- High Peak & Staffordshire Moorlands Councils
- Horsham District Council
- Humberside Fire & Rescue Service
- Islington Council
- Lancashire County Council
- Landscape Institute
- Lewisham Council
- Liverpool City Region Combined Authority
- Manchester City Council
- Melton Borough Council
- Mid Devon District Council
- Middlesbrough Council
- Milton Keynes City Council
- National Housing Federation
- New Forest District Council
- Newcastle City Council
- Newham Council
- Norfolk County Council
- North Hertfordshire District Council
- North Northamptonshire Council
- Northwest Leicestershire District Council
- Northumberland County Council
- Norwich City Council
- Nottingham City Council
- Nottinghamshire County Council
- Oxfordshire County Council
- Peterborough City Council
- Portsmouth City Council
- Reigate and Banstead Borough Council
- Rochford District Council
- Rossendale Borough Council
- Royal Borough of Kensington & Chelsea
- Rugby Borough Council
- Rutland County Council
- Salford City Council
- Sandwell Council
- Slough Borough Council
- Solace
- Solihull Metropolitan Borough Council
- South Gloucestershire Council
- South Kesteven District Council
- South Norfolk and Broadland Councils
- South Oxfordshire and Vale of White Horse Councils
- South Yorkshire Pensions Authority
- Southwark Council
- Spelthorne Borough Council
- Staffordshire County Council
- Storengy UK
- Suffolk County Council
- Surrey County Council
- Surrey Heath Borough Council
- Tamworth Borough Council
- Teignbridge District Council
- Telford & Wrekin Council
- Thurrock Council
- Tonbridge & Malling Borough Council
- Uttlesford District Council
- Warwick District Council
- Watford Borough Council
- West Berkshire Council
- West Northamptonshire Council
- West Suffolk Council
- West Sussex County Council
- Westminster City Council
- Wirral Council
- Woking Borough Council
- Wokingham Borough Council
- Wolverhampton City Council
- York City Council

Delivery Snapshot

We delivered 135 projects across the breadth of England

49 Strategic Consultancy Projects

- ✓ **13** projects were related to constitutions - Activities ranged from reviewing and appraising constitutions, refining and drafting new ones, and supporting cultural change and implementation of any changes.
- ✓ **16** projects were focused on governance – Projects included reviewing Board effectiveness (specifically in the private sector), assurance and stabilisation for local authorities facing specific challenges, exploring governance change challenges and opportunities and wider system reviews regarding democracy.
- ✓ **20** projects were specifically about scrutiny – This work primarily focused on reviewing and assessing scrutiny impact and developing improvement action plans. Other activities included supporting tenant scrutiny in the Housing Sector, the establishment of new scrutiny functions and supporting the implementation of changes needed for strengthened scrutiny.

86 Learning and Development Projects

- ✓ **4** were focused on action learning workshops
- ✓ **7** provided longer term coaching for Chairs
- ✓ **75** were general training projects with a wide range of topics, including; finance, scrutiny essentials, questioning skills and work programming.

Where we have worked

Delivery Snapshot

Delivery funded by our LGA Grant

The Local Government Association (LGA) has been a longstanding and valued partner of CfGS. Through its grant funding, the LGA supports our work to:

1. Enhance understanding, skills, and practices across the sector, enabling effective governance and scrutiny. This is a general support offer to the sector and predominantly takes the form of short form publications designed to provide practical support to governance and scrutiny practitioners.

2. Nurture a culture of high performance within local government's overview and scrutiny functions, through the provision of assistance and advice (including training) to local authority scrutiny practitioners through regional networks.

3. Provide tailored support to individual councils, helping them improve governance systems, processes, and the attitudes and behaviours that underpin them. The focus of this support lies in strategic support – usually relating to constitutional and governance review, and improvement in council's experiencing failure, or the imminent risk of failure. However, support has also been provided to some authorities which are undertaking unique or unusual work on governance, or whose organisational and political context is particularly distinctive, requiring the provision of external expert support.

This year, in addition to the 85 days paid by the LGA, an additional grant from the LGA's regional budget was made to provide an additional number of days for direct support to councils.

Breakdown of funding for direct support to councils covered by LGA funds.

Council	Description	Number of funded days per organisation		
		LGA national	LGA regional	Client days
Bournemouth, Christchurch & Poole	Work programming	3	2	3.5
Birmingham	Improvement support	10	9	0
Bromsgrove	Reviewing governance model	3	0	4
Cornwall	Scrutiny improvement	3	0	11
Dudley	Constitution review	5.5	3	0
East Devon	Scrutiny improvement	5	0	7
Pendle	Scrutiny action learning	7	0	7
Peterborough	Constitution review	10	0	4
Teignbridge	Governance change	5	0	5
Thurrock	Intervention support	14.5	0	14.5
West Lancashire	Governance change	9	3	0
Woking	Scrutiny improvement	10	8	0
Lancashire County	Scrutiny action learning	0	2.5	0
TOTAL DAYS		**85**	**27.5**	**56**

Making an impact

Making an Impact

This part of the Annual Report provides an evaluation of the effectiveness of the work undertaken by CfGS undertaken during 2023/24.

Impact overall

2023/24 has been a year of ongoing transition for the organisation, and while plans are well-developed to put in place more holistic arrangements for assessing the impact of CfGS's work, this was not the case for the bulk of the period covered by this Annual Report.

CfGS's work continues to have a broad and deep impact within the local government sector at large, and for the clients with whom we work directly. Our work beyond the local government sector remains limited although we can point to successful recent projects with clients in central Government, in the housing sector and in the private, co-operative and voluntary sectors.

How we currently monitor and evaluate impact

At present, our methodology is limited both the way we evaluate (data collection and analysis) and what we evaluate (LGA Grant and client consultancy).

- Recording data relating to the delivery of our contract with the Local Government Association. This contract relates to the LGA's own improvement services grant provided by HM Government, and performance expectations are as such set jointly with Government.
- Inviting verbal and written feedback at the end of our client consultancy projects using Microsoft Forms and conducting detailed case studies which speak to our work, the methods and approaches we adopt, and the impact that it has had. Whilst this has been a positive step change, it is not consistently done, which will be a needed improvement going forward.

Annual Survey of Overview and Scrutiny

Asking questions in the "Annual survey of overview and scrutiny in local government" which in part relates to our audience's satisfaction with our own services. The other part of the survey is more directly about the state of scrutiny more generally across England.

General headline results

- **Public engagement** - 50% respondents said scrutiny engages the public effectively, but information access remains a challenge.
- **Financial focus** - 75% cited scrutiny's growing role in overseeing councils' financial resilience.
- **Collaboration** - Mixed executive-scrutiny relationships; most highlighted strong officer support and cross-party cooperation.

Satisfaction with CfGS research & publications	%
To a great extent	40%
To a moderate extent	49%
To a small extent	8%
Not at all	3%
Total (excl. don't know and haven't seen any)	**97%**

Active Learning

Object 1: Education for the public benefit

CfGS Annual Conference – 101 delegates from 51 organsiations

With an overall aim to galvanise a sense of optimism about what the future may hold, our conference this year had 2 primary objectives.

1. To provide opportunities for delegates to share experiences with their peers, hear from speakers, and to take away practical learning that they can apply back in their day job.
2. To enable delegates to have a moment to catch breath, take a step back, and think about the future of scrutiny, and local governance generally – providing recognition that the work of scrutiny is increasingly vital and valued, and their specific place in that future.

Our National Webinars

We ran **6** national webinars over the year, in which a total of **345** took part.

- Financial Scrutiny (ran twice)
- Scrutiny Protocol – unlocking devolution
- Unlocking information access
- Unlocking insights (the use of complaints to support good scrutiny)
- Civility and tolerance in council meetings

> "I find the events CfGS hosts and the documents/guides it produces very useful. CfGS provides a reliable platform of contents and tools to develop officers' and Councillors' knowledge and understanding of the OS function within the Council's governance arrangements. This ultimately enables OS to be more effective and reflective of the public voice.
>
> **Anonymous, Annual Scrutiny Survey**

Our Publications

Over the course of the year, we published **10** guiding documents, ranging from technical briefings on finance and treasury, to our thoughts on new and emerging changes regarding devolution.

- The use of call-in: guidance for English authorities
- The review and redrafting of constitutions: guidance for English authorities
- Reviewing schemes of delegation: guidance for English authorities
- Inspecting local Authority Children's Services: Ofsted and the role of children's services scrutiny
- Devolution and Good Mayoral Governance White Paper
- Access to Information for Elected Members
- Finance Scrutiny – a Guide for Members
- Health Scrutiny and the new reconfiguration arrangements
- Treasure Your Assets
- Audit, Scrutiny and Risk

Strengthening Governance

Object 2: Improving practice in public scrutiny, governance and accountability in government

Case study: Birmingham City Council

Birmingham City Council is the largest local authority in Europe, representing over a million residents. Each councillor serves a significant constituency, often in single-member wards, which presents unique challenges in such a diverse and vibrant city. Birmingham is marked by high levels of deprivation, with one in two children living in poverty. It is also one of the youngest cities in the UK. These and other factors mean that effective governance – through strong leadership and accountability arrangements – are key to supporting local people.

In 2023, Birmingham City Council faced growing governance challenges and commissioned CfGS to conduct an independent review of its governance structures and processes.

During this review, the council's financial and governance situation escalated. The chief finance officer issued a s114 notice, and the council received statutory recommendations from external auditors, prompting the Secretary of State to initiate a Commissioner-led best value intervention. Responding to these urgent challenges, the Council's Cabinet approved the CfGS report and its recommendations in December 2023, alongside a Governance Stabilisation Plan. With support from Government and the LGA, CfGS has continued to support Birmingham City Council in implementing this plan, with oversight from Government Commissioners.

The impact it has made

Early changes in the council's culture and practices are already visible. Relationships are improving, and there is a clearer understanding among council members and officers of their roles and responsibilities. New norms for respectful communication are taking root, with offensive language being actively challenged, both internally and in interactions with third parties.

Key governance improvements are underway, including an updated officer scheme of delegation and technical revisions to ensure the constitution's legal compliance. Plans are also in place for a broader constitutional overhaul to strengthen governance.

CfGS recognises that Birmingham City Council is just beginning this journey. While these are small steps, they represent a focused, collaborative commitment to improving how the council serves its community, laying the groundwork for more substantial transformation.

Cultural Shift

Object 2: Improving practice in public scrutiny, governance and accountability in government

Case study: Bournemouth, Christchurch and Poole Council

Bournemouth, Christchurch, and Poole (BCP) Council faced challenges in public scrutiny and governance, with scrutiny processes that lacked strategic focus and productive engagement between council members and officers.

The council's approach, often centred around pre-decision scrutiny, resulted in limited accountability and an inability to address complex policy issues effectively.

With support from the Centre for Governance and Scrutiny (CfGS), BCP implemented targeted reforms to align scrutiny efforts with strategic priorities, improve transparency, and encourage a collaborative environment. This included action learning with members to refine the work programming process, as well as tailored support for the Overview and Scrutiny Board and the Environment & Place Overview and Scrutiny Committee. Members were able to prioritise areas where scrutiny could add the most value and to broaden their focus beyond pre-Cabinet scrutiny to include proactive roles like policy development. CfGS also supported members in their approach to planning by identifying the essential information needed and crafting key lines of enquiry centred on policy outcomes.

By restructuring work programmes and focusing on impactful issues, BCP has strengthened the role of scrutiny in public accountability.

The impact it has made

The governance reforms significantly enhanced the council's ability to maintain accountability, leading to more transparent and well-informed decision-making processes. Through better-focused scrutiny aligned with strategic priorities, council members could engage in thorough oversight and proactive policy development.

Improved collaboration among council officers and members created a more productive culture, resulting in more comprehensive and accountable governance. The changes reduced workload pressures and allowed scrutiny committees to focus on areas of high public interest, ultimately reinforcing BCP's commitment to transparent, accountable governance practices.

This case study demonstrates the crucial role of adaptable scrutiny frameworks in strengthening government accountability and public trust.

Transforming Scrutiny

Object 2: Improving practice in public scrutiny, governance and accountability in government

Case study: Cornwall Council

Cornwall Council worked with CfGS to address challenges within its scrutiny function, including inconsistent performance across committees and limited engagement with public priorities.

The council's goal was to ensure that its scrutiny process contributed meaningfully to decision-making and service improvement. CfGS led a Scrutiny Impact Review, which involved developing a cohesive framework, a prioritisation tool, and a work programming suggestion system to streamline and focus committee work. These tools helped Cornwall Council set clear priorities, ensure efficient meeting agendas, and encourage public input in scrutiny topics.

The impact it has made

The partnership with CfGS helped transform Cornwall Council's scrutiny culture, establishing a more transparent and accountable approach to governance. The changes have resulted in higher-quality decision-making, as scrutiny committees now focus on key issues that matter most to residents.
Increased public engagement and a systematic approach to scrutiny have also strengthened trust in the council's work.

Cornwall Council is a strong model for other local councils, demonstrating how effective scrutiny can drive positive change, improve public services, and build a stronger connection between council members and the community.

"

The main benefit of commissioning the CfGS to conduct a Scrutiny Improvement Review was that they are the leading experts in their field and have a breadth of skills, knowledge and experience which is useful when undertaking a review. Being able to share best practice, appropriate behaviours and culture is vital when making recommendations as scrutiny is, after all, based on evidence-based recommendations! The CfGS team is very approachable, flexible and adaptive and were willing to work across the various audiences when sharing their final recommendations, tailoring it to the needs of the audience which as much appreciated.

Anita Searby, Statutory Scrutiny Officer

Given the raft of challenges that all Councils are facing, a strong and effective overview and scrutiny function has a crucial role to play in ensuring that the Council is effective and trusted, providing a key mechanism for the wider membership of the Council to shape policy and hold the executive to account.

The CfGS review has enabled the authority to look afresh at how overview and scrutiny works and the impact it has made with a practical focus on how work programmes are shaped and prioritised and the importance of being clear on what it wants to achieve in its own right and how sometimes 'less can definitely be more.'

Arising from the review, there is a much clearer understanding of what effective scrutiny looks like and a commitment across members and officers to embed the recommendations and build a stronger scrutiny culture within the Council.

Kate Kennally, Chief Executive

Diversity in Governance

Object 3: Promotion of good governance principles

Case study: Mears Group PLC

Mears is one of the UK's leading housing and care providers to both the public and private sector, with over 12,000 employees. They wanted to review their current approach to engaging customers in their business and develop new more effective ways to listen and respond.

The company has taken significant steps to engage its customers, stakeholders, and employees through initiatives that promote more open communication, responsiveness, and a culture of continuous improvement. Central to this approach is the creation of a Customer Scrutiny Board, an independent body that holds the organisation accountable for its service delivery.

This governance model emphasises the importance of integrating customer feedback into decision-making processes, ensuring that Mears Group not only meets regulatory requirements but also exceeds customer expectations.

The impact it has made

We worked with Mears to design and deliver a new approach to customer engagement - an independently chaired and supported Customer Scrutiny Board reporting into their PLC board.

The introduction of the Customer Scrutiny Board and associated engagement initiatives has had a measurable impact on Mears Group's operations. By directly involving customers in governance and decision-making, the company has been able to address issues promptly, particularly in areas such as communication and service quality. The Board's independence has led to more objective assessments and has strengthened the organisation's accountability.

Including a greater diversity of customer perspectives has provided Mears with valuable insights, which have been used to refine strategies and improve service delivery. The result is a more responsive and responsible organisation, better equipped to serve its community while adhering to good governance principles.

https://www.mearsgroup.co.uk/news/mears-groups-drive-for-customer-service-excellence-continues

> We are so grateful to all the residents and members who work with us to ensure that the board is effective and makes a real impact on how we provide our services. We will continue to look at where improvements can be made and ensure that the people we support are represented – this is an absolute focus for us as we work across many vulnerable groups and we want to make sure that they always have a voice.
>
> **Terrie Alafat, Independent Chair of the Customer Scrutiny Board.**

CfGS Governance

Structure, Governance & Management

Governing document

The Centre for Governance and Scrutiny (CfGS) is a company limited by guarantee. Originally formed in 2003, 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 (through a change to the wording of the Charity's Objects) to more accurately encompass the public benefits provided to its clients.

Appointment of Trustees

As stipulated in the M&AA, which require a majority of independent Trustees, CfGS had six independent Trustees and three Trustees nominated by its founder and corporate members (the LGA, CIPFA, and LGIU) during 2023/24. Independent Trustees were appointed by the Board following an open recruitment process, which included advertisement, interviews conducted by a sub-committee comprising the Chair and a member Trustee, and input from 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 examined accounts and annual budget and a selection of recent research and other publications as an introduction to what CfGS does.

Plans are in train for Trustees to be involved in a series of strategy workshops in the first half of 2024/25. The object of this is to ensure that Trustees are fully engaged in the development of CfGS's move to a new operating model. Arising from this work it is expected that a more detailed review of the Board's modes of operation will be taken, which is likely to include an evaluation of training and development activity. Plans for this will be developed during 2024/25.

Arrangements for pay and remuneration

The key management personnel are Mel Stevens and Ed Hammond, their remuneration has been set by the Trustee Board either at point of recruitment or when a substantive change is made to their role profile.

Who we are

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 to review key policies, oversee the management of risk and to carry out other business as required. There is no formally constituted audit committee. Audit matters are reported and taken at ordinary meetings of the Board.

Board meeting attendance in 2023/24:	
Dr Catherine Howe	4/4
Dr Jonathan Carr-West	4/4
Radikha Vaidya-Sahdev	4/4
Juliet Baker	2/4
Andrew Burns	4/4
Helen Bailey	3/4
Caraline Johnson (resigned during 2023-2024)	4/4
Graeme Coombes (resigned during 2023-2024)	1/2
Sam Corcoran	1/2

The Board is fortunate to be supported at each meeting by our dedicated Company Secretary, Matt Marsh. We would like to extend our heartfelt thanks to Matt for generously volunteering his time and expertise. Anthony Collins Solicitors kindly waives any fee for this work, reflecting a remarkable commitment to CfGS and its mission.

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 Charity, 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 2023/24, 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 Sam Corcoran held this responsibility independently during the year.

- During the year 2023/24 CfGS's arrangements for the provision of core services changed. Until November 2023 CfGS paid a service charge to the LGA of £3,633 net of VAT in 2023/24 for a range of services, including management accounting, finance system, payroll and other HR support. As noted elsewhere in the report, this arrangement has now ended, and CfGS procures this support services from other suppliers.

One staff member was seconded to CfGS during 2023/24. CfGS reimbursed their employers for all their salary costs. This secondment was of benefit to CfGS; depending on the maturing of the operating model it may be that the decision is taken to second other staff.

Management of risk

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.
- 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.

Complex projects are identified by staff for Board discussion and oversight along with in-depth lessons learned analysis.

Risks attached to key activities	Mitigations
Gaps in capacity and capability at senior management/Board level	Transition to a new operating model including roles and skills required.
Structural financial issues (income and expenditure risks)	Implementation of finance control arrangements and manual reconciliation of invoices.
Shortcomings in internal systems/processes	Rationalisation of core services contracts (finance, HR, and IT). Enhancements in project recording and reporting in a delivery worklog
Inability to identify, develop, or convert business opportunities	Strategy review to strengthen evidence-based investment in business development
Working in new sectors without robust planning and QA	Introduction of Finance Control Centre, plus more systematic quality assurance and project management improvements

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 initially by the Lead Accountant of LGA, and subsequently by our accountants at Price Bailey, who provide financial guidance to CfGS). It also requests interim reports in between when deemed necessary.

Finances

Provision of information to independent examination

In so far as the Trustees are aware:

- There is no relevant independent examination information of which the charitable company's independent examiner is unaware; and
- The Trustees have taken all reasonable steps to make themselves aware of any relevant independent examination information and to establish that the independent examiner 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 and signed on 22 Dec 2024 on their behalf by:

Dr Catherine Howe, Chair

Catherine Howe (Sun, 22nd Dec 2024 10:22:03 GMT)

Financial Statements

CENTRE FOR GOVERNANCE AND SCRUTINY

(A Company Limited by Guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

Charity Number: 1136243
Company Number: 5133443

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CENTRE FOR GOVERNANCE AND SCRUTINY

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2024

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
Contact details	info@cfgs.org.uk 020 7543 5627

Trustees and directors

Dr Catherine Howe	Chair and Independent Trustee
Jonathan Carr-West	Vice Chair and Local Government Information Unit (LGIU) - Nominated Trustee
Andrew Burns	Chartered Institute of Public Finance and Accountancy (CIPFA) - Nominated Trustee
Cllr Graeme Coombs	Local Government Association (LGA) - Nominated Trustee (Resigned 25 September 2023)
Helen Bailey	Independent Trustee
Caraline Johnson	Independent Trustee (Resigned 26 March 2024)
Juliet Baker	Independent Trustee
Radhika Vaidya-Sahde	Independent Trustee
Stephen Corcoran	Independent Trustee (Appointed 10 November 2023, resigned 19 September 2024)
James Dawson	Independent Trustee (Appointed 29 October 2024)

Senior Staff

Mel Stevens	Chief Executive (from May 2023)
Ed Hammond	Deputy Chief Executive (from May 2023)

Company Secretary

Matt Marsh	Company Secretary

Bank	Barclays, UK Banking, 1 Churchill Place, London, E14 5HP
Solicitors	Local Government Group's Legal Services Panel, which includes: Bevan Brittan, Pinsent Masons, Wragge & Co and Sharpe Pritchard
Independent examiner	Price Bailey LLP Tennyson House, Cambridge Business Park Cambridge, CB4 0WZ

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2024

I report to the charity trustees on my examination of the accounts of the company for the year ended 31 March 2024 which are set out on pages 4 to 17.

Responsibilities and basis of report

As the charity trustees of the company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your company's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Price Bailey LLP have provided book-keeping services to the Charity. I have applied the FRC's Revised Ethical Standard. PAASE has been applied for this engagement.

Independent examiner's statement

Since the company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of The Institute of Chartered Accountants of England and Wales (ICAEW), which is one of the

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Suzanne Goldsmith FCA

Price Bailey LLP
Chartered Accountants
Price Bailey LLP, Tennyson House, Cambridge Business Park, Cambridge, CB4 0WZ
Date: 23 Dec 2024

STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2024

	Note	Unrestricted Funds 2024 £	Restricted Funds 2024 £	Total Funds 2024 £	Total Funds 2023 £
Income from:					
Donations and legacies					
Grants receivable	2	-	204,949	204,949	180,000
Income from charitable activities					
Projects and services	3	457,417	-	457,417	383,838
Conference and other income	3	22,862	-	22,862	9,000
Investment income	4	12,276	-	12,276	3,801
Total income		**492,555**	**204,949**	**697,504**	**576,639**
Expenditure on:					
Charitable activities	6	569,296	204,949	774,245	596,177
Total expenditure		**569,296**	**204,949**	**774,245**	**596,177**
Net expenditure for the year, being movement in funds		**(76,741)**	**-**	**(76,741)**	**(19,538)**
Reconciliation of funds:					
Total funds brought forward		334,637	-	334,637	354,175
Total funds carried forward	14	**257,896**	**-**	**257,896**	**334,637**

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 7 to 17 form part of these financial statements

CENTRE FOR GOVERNANCE AND SCRUTINY

COMPANY NUMBER: 5133443

BALANCE SHEET AS AT 31 MARCH 2024

	Note		2024 £		2023 £
Current assets					
Debtors	11	113,549		127,766	
Short term investements	10	-		252,032	
Cash at bank and in hand		218,384		10,000	
		331,933		389,798	
Liabilities					
Creditors: amounts falling due within one year	12	(74,037)		(55,161)	
Net current assets			257,896		334,637
Total net assets			257,896		334,637
The funds of the charity:					
Restricted funds	14		-		-
Unrestricted funds	14		257,896		334,637
Total funds			257,896		334,637

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small company's regime.

The Trustees consider that the charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the charity to obtain an audit for the year in question in accordance with section 476 of the Act.

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

Approved by the trustees on 22 Dec 2024 and signed and authorised for issue on their behalf by:

Dr Catherine Howe
Chair

Catherine Howe (Sun, 22nd Dec 2024 10:22:05 GMT)

The notes on pages 7 to 17 form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	2024 £	2023 £
Cash flows from operating activities:		
Net (expenditure)/income for the year (as per the SOFA)	(76,741)	(19,538)
Adjustments for:		
Decrease\(increase) in debtors	14,217	(37,854)
Increase\(decrease) in creditors	18,876	(4,322)
Interest received	(12,276)	(3,081)
Net cash provided by operating activities	(55,924)	(64,795)
Cash flows from investing activities:		
Interest received	12,276	3,081
Net cash provided by investing activities	12,276	3,081
Change in cash and cash equivalents in the reporting period	(43,648)	(61,714)
Cash and cash equivalents at the beginning of the period	262,032	323,746
Cash and cash equivalents at the end of the reporting period	218,384	262,032
Cash and cash equivalents consists of:		
Cash in hand	218,384	10,000
Short term deposits	-	252,032
Total cash and cash equivalents at end of the period	218,384	262,032

The notes on pages 7 to 17 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

General information
The Charity is a company limited by guarantee and was incorporated in the United Kingdom. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The registered office is 77 Mansell Street, London, E1 8AN . The registered company number is 05133443 and the registered charity number is 1136243.

1.1 Basis of preparation
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.

The financial statements are presented in pounds sterling (£), rounded to the nearest pound.

1.2 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.

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 2025 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.

1.3 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.

1.4 Income
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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (continued)

1 Accounting policies (continued)

1.4 Income (continued)

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.

1.5 Expenditure

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 7.

1.6 Investment income

Up until January 2024, 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.

1 Accounting policies (continued)

1.6 Investment income (continued)
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.

1.7 Debtors
Trade and other debtors are recognised at the settlement amount after any trade discount offered.

Prepayments are valued at the amount prepaid net of any discounts due. Accruing income is included at the best estimate of the amounts receivable at the balance sheet date.

1.8 Cash at bank and in hand
Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.9 Creditors
Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any discounts due.

1.10 Pensions
The Charity provides a defined contribution pension scheme, whereby the charity and its staff each fund the scheme, managed by a third party provider, the assets of which are held by the provider separately from the assets of the charity. The pension charge in the financial statements represents the amounts payable by the charity to the fund in respect of the period.

1.13 Taxation
The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the 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.

1.14 Financial instruments
The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Fixed assets are recorded at depreciated historical cost.

1.15 Critical accounting estimates
The are no judgements or critical accounting esitmates which have been used in the preparation of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024 (continued)

2 Income from donation, grants and legacies

	Restricted 2024 £	As restated Restricted 2023 £
Voluntary income and grants	204,949	180,000
Total	204,949	180,000

Voluntary income and grants mainly relate to funding from other related sector bodies. It is allocated to the main activities of the charity.

3 Income from charitable activities

	Unrestricted 2024 £	Unrestricted 2023 £
Services recharged	457,417	383,838
Conferences and other income	22,862	9,000
Total	480,279	392,838

Services recharged include publications, consultancy and project delivery.

4 Investment income

	Unrestricted 2024 £	Unrestricted 2023 £
Bank interest	12,276	3,081
	12,276	3,081

5 Net (expenditure)/income for the year is after charging:

	2024 £	2023 £
Independent auditors fee	-	3,500
Fees payable to the Charity's Independent Auditor in respect of other services	-	-
Independent examination fee	1,560	-
Fees payable to the Charity's Independent Examiner in respect of other services	15,987	-
	17,547	3,500

6 Expenditure on charitable activities

	2024 Direct costs	2024 Support costs (note 7)	2024 Total
	£	£	£
Events	25,528	-	25,528
Other Programmes	383,191	250,492	633,683
Consultancy	115,037	-	115,037
Total	523,755	250,492	774,248

2023 comparative

	2023 Direct costs	2023 Support costs (note 7)	2023 Total
	£	£	£
Events	8,397	7,464	15,861
Commercial Programme	-	-	-
Other Programmes	243,181	222,762	465,943
Consultancy	60,552	53,821	114,373
Total	312,130	284,047	596,177

in 2024 £204,949 (2023: £180,000) of the above costs were attributable to restricted funds. £590,686 (2023: £416,177) 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.

7 Breakdown of support costs

	2024 £	2023 £
Staff costs	121,300	
Direction and management	-	134,711
Office costs	4,892	131,506
IT	8,779	14,330
Travel costs	24,441	-
Bank fees	322	-
Service charges	36,495	-
Subscriptions	1,184	-
Other staff costs	279	-
Printing and postage	344	-
Insurance	7,793	-
Other accountancy costs	11,347	
Governance costs (note 8)	6,000	3,500
	223,176	284,047

The support costs have been alocated on an activity basis in the current year.

The prior year support costs have been restated to include governance costs.

8 Governance costs

	2024	2023
	£	£
Accountancy costs	6,000	-
Audit fees	-	3,500
	6,000	3,500

9 Analysis of staff costs and key management personnel

	2024	2023
	£	£
Wages and salaries	401,927	271,290
Employers national insurance	24,602	19,975
Pension costs	43,190	35,067
Agency staff fees	61,879	30,584
	531,598	356,916

The key management personnel consist of the Chief Executive (CE) and Deputy Chief Executive (2023 - Chief Executive (CE)). A new CE was appointed in May 2023 taking over from the Interim CE, the Interim CE took the position of Deputy CE. The total cumulative benefits paid during the year were £195,990 (2023 £108,690).

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2024	2023
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	2	-

The average monthly number of employees was 7 (2023: 6).

Trustee remuneration

During 2024 no Trustee received any emoluments in respect of services to CfGS (2023 – £nil), neither were they reimbursed any expenses during the period (2023: £nil).

10 Short term investments

	2024 £	2023 £
Cash investments	-	252,032

11 Debtors

	2024 £	2023 £
Trade debtors	104,895	62,957
Prepayments and accrued income	8,117	64,805
Other debtors	537	4
	113,549	127,766

12 Creditors: amounts falling due within one year

	2024 £	2023 £
Trade creditors	14,908	(1,118)
Other creditors	11,391	22,919
Accruals and deferred income	14,900	17,756
Other taxation and social security	32,838	15,604
	74,037	55,161

13 Members' liability

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

14 Funds

	As at 1 April 2023	Income	Expenditure	As at 31 March 2024
	£	£	£	£
Unrestricted Funds	334,637	492,555	(569,296)	257,896
Restricted Funds:				
LGA grant	-	204,949	(204,949)	-
	334,637	697,504	(774,245)	257,896

Funds comparitive - restated

	As at 1 April 2022	Income	Expenditure	As at 31 March 2023
	£	£	£	£
Unrestricted Funds	354,175	396,639	(416,177)	334,637
Restricted Funds:				
LGA grant	-	180,000	(180,000)	-
	354,175	576,639	(596,177)	334,637

The prior year restatement relates to restricted income and expenditure allocated as unrestricted in the prior year of £180,000.

Restricted fund	Description, nature and purpose of the fund
LGA grant	Funding for 2023/24 to support the improvement and effectiveness of the overview and scrutiny functions of local authorities in England, as well as providing support to the sector on broader issues.

14 Net assets by fund

2024	Unrestricted funds £	Restricted funds £	Total funds 2024 £
Current assets	331,933	-	331,933
Creditors: amounts falling due within one year	(74,037)	-	(74,037)
	257,896	-	257,896

2023	Unrestricted funds £	Restricted funds £	Total funds 2023 £
Current assets	389,798	-	389,798
Creditors: amounts falling due within one year	(55,161)	-	(55,161)
	334,637	-	334,637

16 Pension commitments

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in independently administered funds. The total pension cost charge represents contributions payable by the Charity to the funds and amounted to £43,190 (2023: £35,067). Amounts outstanding at the end of the period total £4,964 (2023: £718) and are included in creditors.

17 Related party transactions

In 2024, CfGS paid a service charge to the LGA , the member of CfGS, £43,972 (2023: £43,600) for a range of services, including management accounting, access to a finance system, payroll and other HR support.

In the year restricted grants were received from the LGA of £204,949 (2023: £180,000).

There were no amounts outstanding at the year end (2023: £nil).

No further related party transactions took place in the period (2023: £nil).

Centre for Governance and Scrutiny

England & Wales - Charity number 1136243

Accounts

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.

Priority 1: Maintain and further develop CfGS's expertise and reputation in local government as the foremost experts on governance and scrutiny.	How we planned to deliver this / *how we have actually delivered*: ● 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) / *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*; ● Through evolving that offer to offer more strategic support to councils' leadership – officer and member / *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*; ● 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 / *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*; ● Through more intelligently using/deploying the skills and expertise of our staff team and Associates / *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*

	delivering a project from start to finish, introducing a team approach based on a better understanding of where expertise and skills lie.
Priority 2: 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"	How we planned to deliver this / *how we have actually delivered*: ● Identify who our key partners and stakeholders are, and identify areas of alignment and potential joint working / *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*; ● 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 / *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*; ● 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 / *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*.
Priority 3: 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	How we planned to deliver this / *how we have actually delivered*: ● Integrating an awareness of EDI issues into how we work with clients – bringing challenge on these matters to the forefront of findings/actions / *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*

partners, and for our clients	*formal, detailed changes to project methodologies across the board*; ● Ensuring that this feeds into the refinement of existing products, and our strategic planning for 2023/24 onwards */ review of project methodologies will incorporate further action on EDI*.
Priority 4: Ensure that we have the capacity, skills and resources in place to provide for CfGS's financial sustainability	How we planned to deliver this / *how we have actually delivered*: ● Reflect on how we provide for meaningful and high quality Board oversight to the work of CfGS's staff team / *we have amended the format of quarterly reports to Board and put in place a more rigorous approach to 23/24 budget planning*; ● 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 / *the first (discovery) phase of the strategy review was completed by the end of Q4 22/23*; ● Set realistic and evidence-informed financial plans for the 2023/24 financial year / *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*.

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 brining 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

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

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

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

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

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

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

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
Total staffing costs	**356,916**	**346,518**

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.

Range £k	***2023***	***2022***
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:

	2023	**2022**
Direct work	6.1	5.0
	6.1	**5.0**

7. EXPENDITURE ON CHARITABLE ACTIVITIES

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

£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

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

9. EXPENDITURE ON OTHER COSTS

	2023 £	**2022 £**
Meeting Costs	103	716
Legal and advertising costs	5,585	2,099

Support costs	71,813	89,448
Audit Fees	3,500	3,500
Total	**81,001**	**95,763**

10. DEBTORS

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

11. CREDITORS

	2023 £	2022 £
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
Total	**55,161**	**59,483**

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

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

13. MEMBERS' LIABILITY

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

14. FUNDS

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

Total	**354,175**	**576,639**	**596,177**	**334,637**

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
Contact details:	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

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

Centre for Governance and Scrutiny

England & Wales - Charity number 1136243

Accounts

Centre for Governance and Scrutiny

Trustees' Annual Report 2021/22

Charity Number:	**1136243**
Company Number:	**5133443**

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CHAIR'S FOREWORD

My opening remarks in the foreword to last year's annual report centred on the continuing impact of coronavirus and the influence it was having on the work of CfGS.

Despite the challenges associated with the pandemic, however, I was able to report that the Centre had successfully balanced the need to lower its costs to reflect reduced income, with delivering its core work programme, and identifying new ways to enable democracy and support good governance in other organisations. In doing so, it had also managed to deliver a profit, which was a significant achievement.

In many ways, early 2021-22 saw more of the same. However, as lockdown restrictions eased, CfGS was able to reengage with work that had been put on hold and take advantage of emerging opportunities.

As far as highlights from the year are concerned, I was particularly glad to see a piece of Joseph Rowntree-funded research completed, which explored new models of local democracy that enable a greater role for empowered communities. This fits with the emphasis CfGS now places on diversity and inclusion in good governance – an important theme that will continue to guide our work in the years ahead.

I was equally pleased that the Centre's campaigning efforts were successful in shaping the final detail of the Health and Care Act. Working alongside partners, CfGS was able to persuade Government to concede that local scrutiny bodies should have an ongoing role in influencing use of the Secretary of State's powers of intervention. This was an important change to the legislation and a good example of the influence CfGS can exert.

The ability for people to meet in person during the second half of 2021 meant that CfGS was able to go ahead with its Annual Conference for the first time in 2-years. As ever, the event was well attended and provided delegates with a welcome opportunity to explore important governance issues in a face-to-face environment.

Turning to emerging opportunities, the relaxation of COVID restrictions triggered a significant increase in demand for support in the local government sector. This was positive and assisted us in delivering a surplus. However, we will need to look to a more flexible operating model to meet such emerging demand in the future.

Going forward, it will be a priority to build a staffing model that provides greater capacity, flexibility and resilience, so that the organisation can absorb unanticipated demand in parallel with continuing other business critical activities.

2021/22 was also a year characterised by significant changes in personnel. I was delighted to welcome three new Trustees to the CfGS Board. Along with Councillor Graeme Coombes replacing his LGA predecessor Councillor John Riley, the Board was strengthened by the addition of Juliet Baker and Dr Radhika Vaidya-Sahdev.

This theme of significant personnel change extended into the team of CfGS staff, with our long-standing Chief Executive, Jacqui McKinlay, and Kate Grigg both leaving the Centre to take-up roles in local government. Their departure prompted a decision to restructure and increase the size of the team, with Annette Aiken and Megan Ingle joining as Research and Project Officers, along with Andy Fry OBE replacing Jacqui at the end of January as our new Chief Executive. Andy brings a wide range of public and private sector experience to CfGS and arrived at an important time, as we began to think about how the organisation should change to align with the post-COVID 'new normal' business environment in which it will operate.

As a result, much of Andy's initial focus was on working with colleagues to review and refresh the CfGS Strategy. The new 2022-24 Strategy that emerged from that review has now been agreed by trustees and will guide the work of the Centre as we move into the new financial year and beyond.

In summary, 2021-22 has been another challenging but successful year for CfGS and I look forward building on that success as we take the organisation forward.

Lord Bob Kerslake – Chair of the 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 and relevant Accounting Standards. The Trustees have considered the likely impact of COVID-19 on the operational activities of the Centre for Governance and Scrutiny (CfGS) and are of the view that there is still some impact, but this will be able to be managed as with other operational risks. However, 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 2022, CfGS has sufficient resources to continue as a going concern. In shaping the objectives of the charity and planning the activities undertaken, the Trustees have considered the Charity Commissions 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:

1. Working with policy and decision-makers nationally and locally to raise governance standards, provide guidance and practical support to aid decision-making and improve outcomes.

2. Supporting organisations and individuals to create a culture which supports good governance, raises governance standards, responds to challenges and risks, and provides innovative solutions.

3. Researching and innovating in new areas to develop practical support, policy ideas and guidance which helps improve governance and scrutiny policy and practice.

4. Creating an environment in which our CfGS team (Trustees, staff and associates) feel respected, valued and can do their best work – including by establishing effective partnerships to help achieve our Purpose.

5. Continuing to grow CfGS's reach, offer and brand in order to maximise our positive impact, diversify funding and remain sustainable.

As CfGS and the country emerged from the pandemic in 2021/22, the priority once again was to break even. In the event, we succeeded in recording a surplus.

2021/22 saw a consolidation of CfGS's revised strategy – focused on strengthening work and delivery in existing areas aligned with business development in certain key areas (including the private sector) to diversify income. This strategy was partially successful – prudent cost management allowed a small increase in the staff complement in late 2021/22, and the pipeline of work delivered in existing areas of strength (local government) significantly exceeded expectations. However, it proved

challenging to secure work in new sectors. Plans for 2022/23 have seen a reappraisal of these plans and a refocusing of effort on social housing and fire and rescue as presenting the best opportunities for growth overall.

Fundraising

There has been no outsourced fund raising via professional fundraisers or other third parties. As a result, the charity is not registered with the fundraising regulator and received no fundraising complaints in the year.

REVIEW OF THE YEAR IN SUMMARY

Work areas in our Delivery Plan

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

1. Delivering programmes of work for major funders in the public sector
2. Delivering consultancy work for local authorities and other organisations
3. Running training events & conferences
4. Organisational development
5. Research
6. Campaigning and Influencing

Programmes

CfGS delivered a programme of support funded by the LGA (and HM Government) which focused on pandemic recovery.

This year's programme was a departure from previous years' – involving an increase from 50 days of support to priority councils to 85 days. It also involved a slight decrease in the extent of CfGS's LGA-funded research output.

2021/22 saw CfGS conclude its JRSST-CT funded project on post-pandemic governance and democracy (work originally funded in 2020/21). The conclusion of this work was delayed because of the third lockdown period in early 2021, and again by delays to the publication of the Government's "levelling up" White Paper. More detail on this work has been provided under "campaigning", below.

We also closed off programme work for the LEP Network and the Gambling Commission.

Consultancy

CfGS experienced continued strong performance in the local government sector, where we used the launch of the "Governance risk and resilience framework" in March 2021 to develop our practice relating to governance and constitutional improvement.

This meant a substantial increase in paid for work on constitutional and governance improvement, as well as continued strong performance with our "scrutiny improvement review" (SIR) product. CfGS continues to provide a broad sweep of training and development services to councils although, increasingly, these are delivered as a programme rather than as a standalone event. Overall, this means that the average value of individual contracts has continued to increase.

Conversely, attempts to pursue and develop opportunities in other sectors failed to cut through. While we succeeded in retaining existing clients, we were not able to bring in and develop new prospects. Unsuccessful bids for governance review and improvement projects for the Royal Institute for Chartered Surveyors, and other

organisations, demonstrates the significant challenge associated with securing income and a reliable pipeline in sectors where CfGS doesn't have an established footprint. We continue to consider whether we can develop a new line of work supporting governance in organisations with unique or distinctive governance arrangements – such as chartered institutes, membership organisations, regulatory bodies (and, in particular, membership bodies which hold regulatory functions), co-operatives and similar bodies. In the meantime, we are focusing practical in-year business development on local government, social housing and fire and rescue – while keeping the prospects for growth in the health and care sector under close review, to potentially take action later in 2022/23 depending on the bedding-down of new Integrated Care System (ICS) arrangements.

We are also refocusing as an organisation on our approach to promoting equality, diversity and inclusion (EDI) – we anticipate that business development activity in 2022/23 will focus on the interface between EDI and good governance, which was informed by the Board's own work on EDI during 2021/22.

With increased value and complexity in projects has come a need to bring more professionalism to the way that those projects are managed and overseen. Under "Organisation" below we explain our new arrangements for project and programme management, and quality assurance, introduced during Q4 of 2021/22.

Training Events & Conferences

Although pandemic restrictions eased over the course of the year, we continued to deliver a range of general-access webinars for local government scrutiny practitioners rather than to seek to return to in-person events. Our expectation is that this will become a permanent measure, as remote webinars have helped us to significantly expand our reach, as we are able to offer them free through our LGA contract.

We were able to host our first Annual Conference for two years in December 2021. This well attended event provided local government scrutiny practitioners with the opportunity to meet face-to-face for the first time since the start of the pandemic and secured positive feedback. However, we do need to continue to consider whether holding our national set-piece event in central London offers value for money to us and our stakeholders.

Organisational Development

2021/22 has seen significant changes in the organisation's staff complement. Jacqui McKinlay and Kate Grigg left the organisation in December 2021, leaving the organisation with 2.6 FTE employees for a month before the arrival of Andy Fry, Annette Aiken and Meg Ingle at the end of January. The LGA kindly provided CfGS with additional capacity in the form of a part-time secondment for Olayinka Amin.

Staff changes led to a renewed focus on organisational development. We have put in place new systems and processes for project and programme management (including quality assurance) and strategic communications. On project and programme

management, new arrangements will include systems for more consistent ownership of projects, and quality assurance of products.

Over the course of this period the Board conducted a review of CfGS's approach to equality, diversity and inclusion (EDI), agreeing new approaches to the governance of the organisation. This has led to a commitment to thread EDI through CfGS work in the future – including challenging clients and potential clients on their use of its principles to inform wider approaches to governance and decision-making. This is being built into standard methodologies for CfGS work in 2022/23.

CfGS continued to be supported by its network of experienced, expert associates with a range of backgrounds in local government, health and participation, and bringing research, transformation, organisational development and engagement skills. 2022/23 will see us reflecting on the appropriate balance between consultants/associates and staff members as CfGS's organisational development activities continue.

There were three changes to the Trustees on the CfGS Board. Cllr John Riley was replaced as LGA nominated Board member by Cllr Graeme Coombes. In addition, Juliet Baker and Dr Radhika Vaidya-Sahdev were recruited as Independent Trustees through the "Board Lead" programme.

Research

Research in 2021/22 included (funded by the LGA and HM Government):

- Research supporting our Combined Authorities Governance Network programme:
    - A "10 questions" guide on scrutiny of economic development by combined authorities;
    - A guide on public involvement in scrutiny at combined authority level;
- Learning lessons from the pandemic – practical advice to scrutiny practitioners on debriefing from the pandemic, and understanding how scrutiny can help in looking to the future;
- Guidance on the scrutiny of critical risks and commercial activity;
- Guidance on behavioural issues in meetings (with particular reference to hybrid meeting operations);
- The CfGS Annual Survey of overview and scrutiny in local government. Ongoing challenges with response rates means that we will be pursuing a different path in 2022/23 to this work.

CfGS concluded its two-year programme of research on electoral reviews for the Local Government Boundary Commission for England (LGBCE), with research products planned for publication in 2022, and findings integrated into formal LGBCE guidance to councils.

Campaigns and influence

Campaigning in 2021/22 focused on several areas:

- Remote and hybrid meeting arrangements. Campaigning was intense during May 2021, when CfGS and other sector bodies came together to lobby Government to ensure that remote meeting powers could be reinstated;
- The Health Act. Working with the LGA, NHS Confederation and NHS Providers, we were successful in persuading Government to amend the Bill to ensure that the Secretary of State's ability to intervene in local health arrangements would be subject to consultation with local scrutiny functions – a significant concession which came alongside a year's delay in introducing these powers;
- Levelling Up. CfGS conducted preparatory work for campaigning on levelling up further to the publication of the White Paper. This included issuing briefings and building campaigning material to focus on our long-standing campaigning priority for the introduction of local public accounts committees;
- Future democracy and political dynamics. We took advantage of external speaking and writing opportunities (including in the trade press) to promote messages around the need for transformation in local democracy, and a shifting of the paradigm of local government and governance towards community power. This formed part of our JRSST-CT funded research, and also incorporated learning from our work on governance risk and resilience, as well as being informed by our ongoing work on EDI.

Overall financial performance

The overall performance of the organisation was again impressive given the continuing effects of the pandemic, with a profit of £41k being achieved against a budgeted forecast of £18k - the outturn being slightly down from £69k in 20/21. Income for the year decreased to £572k (from £618k the previous year) but the continuing focus on costs led to expenditure of £531k (down from £549k in 2020/21). As a result, the reserves figure at the year-end increased to £354k.

In our individual areas of operation, on Programmes our income was slightly down at £216k from £226k, but expenditure was higher at £23k from £9k as more work was undertaken by our associate base of consultants due to limited capacity. In Consultancy, overall income dropped slightly to £331k from £380k, with expenditure increasing to £48k from £32k, again due to capacity issues. The Annual Conference was the only fee-paying Event we ran, with income of £20k earned against expenditure of £16k. There were no events in the previous year.

Organisational costs for the year came to £443k, which was again a significant reduction on the previous year at £501k, mainly due to lower 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 breadth of advice and services 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 further revised 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, CfGS currently has five 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, with advisory support from 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.

During the year we used the BoardLead programme to identify more diverse candidates from outside the local authority sector to enrich our Board. This approach led to the appointment of two new independent Trustees in July 2021.

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. New Trustees are also provided with a selection of recent research and other publications as an introduction to what CfGS does.

Organisational structure

The Board of Trustees meets at least four times a year to agree the business plan and annual budget, monitor performance and financial information, agree staff pay as well as key policies, the risk assessment and other matters as it may determine. The Board also sets the pay for the Chief Executive, who is deemed to be the key management personnel of the charity. There is no formally constituted audit committee and audit matters are reported and taken at ordinary meetings of the Board.

During 2021/22 attendance at Board meetings by Trustees was as follows:

Lord Bob Kerslake (Chair)	5/5 meetings
Catherine Howe (Vice-Chair)	5/5 meetings
Cllr John Riley	0/2 meetings
Jonathan Carr-West	3/5 meetings
Andrew Burns	5/5 meetings
Helen Bailey	5/5 meetings
Caraline Johnson	5/5 meetings
Juliet Baker	3/3 meetings
Radhika Vaidya-Sahdev	3/3 meetings
Cllr Graeme Coombes	3/3 meetings

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

Related parties

In the interests of transparency, Trustees verbally declare any potential conflicts of interest at the beginning of each board meeting. In addition, a register of interests is completed by Trustees every year.

In 2021/22, CfGS declared the following financial connections with the Local Government Association, which is a major funder of the organisation:

The Local Government Association (LGA) is a member of CfGS and has a nominated Trustee on its Board. Cllr John Riley held this responsibility independently during the year up until 5 August 2021 when he resigned and the position was taken by Cllr Graeme Coombes from that date until the end of the year. CfGS paid a service charge to the LGA of £43,600 in 2021/22 (£47,189 in 2020/21) for a range of services, including management accounting, access to a finance system, payroll and other HR support.

Risk management

The Trustees' risk management strategy includes:

- A quarterly review of the CfGS corporate risk register, which focuses on Strategic, Operational, Financial and Reputational Risks,
- Ensuring that the most likely risks have been identified and their potential impacts evaluated, including those that emerge suddenly such as the Coronavirus pandemic.
- Establishing what procedures and systems are in place, or need to be established, to mitigate identified risks.

- Monitoring the effectiveness of procedures and systems in minimising the impact of identified risks.

During 2021/22 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 the Trustee Board.

Impact: Assists organisation in being flexible and responsive.

OPERATIONAL RISKS

Risk that the organisation is not set up to successfully deliver objectives and staff changes hinder what can be achieved.

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 impact of staff changes has necessitated revised structures to ensure that more business opportunities are identified and the organisation has the capacity to deliver them. Capacity is augmented when required by the use of consultants and working in partnership with other organisations. Revised methods of work delivery 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 government sector. In addition, we are attempting to increase our focus on business development in a variety of other sectors.

Impact: LGA and CIPFA relationships remain secure. Whilst some business opportunities have been identified and generated income in new sectors, success has been limited and a carefully targeted approach will be employed to maximise the chances of winning business that is bid for.

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 high-quality consultants to assist with capacity, heightened awareness when undertaking work in sensitive areas.

In addition, following the issue of the updated Charity Governance Code in 2020, we self-identified the need to address equality, diversity and inclusion more proactively, not just in our work for clients but also in how CfGS operates as an organisation. This remains a key priority for us going forward.

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

EFFECT OF PANDEMIC

Like all other organisations, the Coronavirus pandemic has affected how CfGS works but using the flexibility of being a small organisation we have continued to operate successfully by responding quickly and efficiently to our client base. Operationally, the switch to staff working from home has been successful, albeit now there is the need with new staff coming on board to meet in person more often to ensure good communications and teamwork are maintained. We now offer as a matter of course in person, virtual or blended options to our customers to suit their requirements, which has been appreciated.

The risk associated with COVID-19 has now reduced to the extent that it can be managed alongside other risks in a business-as-usual context.

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 employment costs, along with those of accommodation, including facilities and IT.
- Free reserves were £354,174 as at 31st March 2022.

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.

Auditors

A resolution for the appointment of the auditors of the Company was approved at the Board Meeting on 28 April 2022.

Approved by the Board of Trustees on 12 July 2022 and signed on their behalf by

Lord Bob Kerslake

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 2022 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 2022 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

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

8 August 2022

STATEMENT OF FINANCIAL ACTIVITIES

(incorporating an INCOME AND EXPENDITURE ACCOUNT)
for the year ended 31 March 2022

	Notes	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
Incoming resources from:					
Income from donations and grants					
Grants receivable	3	183,620	-	**183,620**	**238,782**
Income from charitable activities					
Conference and Other Income	3	37,215	-	**37,215**	**8,200**
Projects and Services	3	350,778	-	**350,778**	**369,988**
Investment Income					
Investment income	2	315	-	**315**	**722**
Total income		**571,928**	-	**571,928**	**617,692**
Expenditure on:					
Charitable activities	7	531,469	-	531,469	**548,840**
Total Expenditure		**531,469**	-	**531,469**	**548,840**
Net income		40,459	-	40,459	68,852
Net Movement in Funds		**40,459**	-	**40,459**	**68,852**
Reconciliation of Funds: Total funds brought forward at 1 April		313,716	-	313,716	244,864
Total funds carried forward at 31 March	14	**354,175**	-	**354,175**	**313,716**

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 2021 was unrestricted.

The accounting policies and notes on pages 23 to 29 form part of these financial statements.

BALANCE SHEET

Company Number 5133443

As at 31 March 2022

	Notes	2022 £	2021 £
Current assets			
Debtors	10	89,912	65,394
Short Term Investments	2	313,746	295,925
Cash at bank and in hand		10,000	10,000
		413,658	**371,319**
Creditors: amounts falling due within one year			
Creditors falling due within one year	11	59,483	57,603
		59,483	**57,603**
Net current assets		**354,175**	**313,716**
Total assets less current liabilities		**354,175**	**313,716**
Charity Funds			
Unrestricted Funds	14	354,175	313,716
Restricted Funds	14	-	-
		354,175	**313,716**

These financial statements were approved by the Trustees on 12 July 2022 and are signed and authorised for issue on their behalf by:

LORD BOB KERSLAKE

The notes on pages 23 to 29 form part of these financial statements.

STATEMENT OF CASH FLOWS

As at 31 March 2022

	Note	2022 £	2021 £
Cash flow from operating activities	12	17,821	76,698
Net cash flow used in operating activities	12	**17,821**	**76,698**
Change in cash and cash equivalents in the year / period		**17,821**	**76,698**
Cash and cash equivalents at 1 April		305,925	229,227
Cash and cash equivalents at 31 March		**323,746**	**305,925**
Cash and cash equivalents consists of:			
Cash at bank and in hand		10,000	10,000
Short term deposits		313,746	295,925
Cash and cash equivalents at 31 March		**323,746**	**305,925**

The notes on pages 23 to 29 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 2021/22 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 Centre for Governance and Scrutiny (CfGS) and are of the view that there is still some impact, but this will be able to be managed as with other operational risks. However, 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 2022, CfGS has sufficient resources to continue as a going concern.

FUNDS

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

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

INCOME POLICY

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

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

	2022 £	2021 £
Income from donations and grants		
Voluntary Income and Grants	183,620	238,782
Income from charitable activities		
Services recharged	350,778	369,988
Conferences and other income	37,215	8,200
	571,613	**616,970**

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 2021.

4. AUDITORS REMUNERATION

The auditor's remuneration amounts to an audit fee of

	2022 £	2021 £
Audit fees	3,500	3,500

No non-audit fees were paid in the year to the auditor (2020 nil).

5. EMOLUMENTS

During 2022 no Trustee received any emoluments in respect of services to CfGS (2021 – nil). Reimbursement of expenses to no (2021 – nil) Trustees for travel and accommodation totalled £0 (2021 – £0).

6. EMPLOYEES

	2022 £	2021 £
Agency staff fees	-	1,336
Secondments	-	65,676
Staff	346,518	347,773
Total staffing costs	**346,518**	**414,785**

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 recruited. The total cumulative benefits paid during the year were £122,369 (2021 £128,829).

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 3 (2021 2 persons), excluding employer pension costs, in the ranges below.

Range £k	*2022*	*2021*
100-110	-	1
90-100	1	-
80-90	1	-
70-80	1	1

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

	2022	2021
Direct work	5.0	5.8
	5.0	**5.8**

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	2022 Activities undertaken directly £	2022 Support Costs £	2022 Total £	2021 Total £
Events	249	236	**485**	**500**
Commercial Programme	1,293	1,225	**2,518**	**2,600**
Other Programmes	14,244	13,501	**27,745**	**28,652**
Consultancy	257,059	243,662	**500,721**	**517,088**
Total	**272,845**	**258,624**	**531,469**	**548,840**

£nil (2021 £nil) of the above costs were attributable to restricted funds. £531,469 (2021 £548,840) 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

	2022 £	2021 £
Direction and management	169,342	190,620
Office Costs	70,589	70,212
IT	18,693	21,665
	258,624	**282,497**

9. GOVERNANCE COSTS

	2022 £	2021 £
Meeting Costs	716	-
Legal and advertising costs	2,099	778
Support costs allocation	89,448	98,698
Audit Fees	3,500	3,500
Total	**95,763**	**102,976**

10. DEBTORS

	2022	2021
	£	£
Trade debtors	67,444	32,820
Other debtors – VAT Receivable	-	-
Other Debtors	4	350
Prepayments and Accrued Income	22,464	32,224
Total	**89,912**	**65,394**

11. CREDITORS

	2022	2021
	£	£
Trade creditors	263	44
Accruals	4,328	3,801
Earned Leave Liability	7,320	12,467
Other creditors & income in advance	28,357	23,080
VAT Payable	19,215	18,211
Total	**59,483**	**57,603**

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

	2022	2021
	£	£
Net income for year	40,459	68,852
(Increase)/ Decrease in debtors	(24,518)	5,427
Increase in creditors	1,880	2,419
Net cash flow from operating activities	**17,821**	**76,698**

13. MEMBERS' LIABILITY

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

14. FUNDS

	As at 1 April 2021	Income	Expenditure	As at 31 March 2022
	£	£	£	£
Unrestricted Funds	313,716	571,928	531,469	**354,175**
Total	**313,716**	**571,928**	**531,469**	**354,175**

15. RELATED PARTY TRANSACTIONS

Reimbursed travel expenses of £0 (2021: £0) were paid to no (2021: none) Trustees in the year.

CfGS paid a service charge to the LGA of £43,600 in 2021/22 (£47,189 in 2020/21) 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
Contact details:	info@cfgs.org.uk 020 7543 5627

Trustees and directors

Lord Bob Kerslake	Chair and Independent Trustee
Andrew Burns	Chartered Institute of Public Finance and Accountancy (CIPFA) - Nominated Trustee
Cllr John Riley	Local Government Association (LGA) - Nominated Trustee (Resigned 10/08/21)
Cllr Graeme Coombes	Local Government Association (LGA) - Nominated Trustee Appointed 10/08/21)
Jonathan Carr-West	Local Government Information Unit (LGIU) - Nominated Trustee
Dr Catherine Howe	Vice-Chair and Independent Trustee
Helen Bailey	Independent Trustee
Caraline Johnson	Independent Trustee
Juliet Baker	Independent Trustee (Appointed 13/07/21)
Radhika Vaidya-Sahdev	Independent Trustee (Appointed 13/07/21)

Company Secretary

Matt Marsh	Company Secretary

Senior Staff

Andy Fry	Chief Executive (Appointed 31/01/22)
Jacqui McKinlay	Chief Executive (Resigned 31/12/21)

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

Centre for Governance and Scrutiny

England & Wales - Charity number 1136243

Accounts

Centre for Governance and Scrutiny

Trustees' Annual Report 2020/21

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CHAIR'S FOREWORD

In writing my foreword last year, at the start of the pandemic, little did we know that a year later it would still feature so prominently in our lives.

Similar to many organisations the pandemic presented the organisation with significant income and operational challenges. As a result, we saw a sizeable decrease in our income from the previous year as many of our clients and partners focused their efforts on the pandemic response. I am however pleased to report that with reductions in expenditure, we are delivering a profit for the year and our reserves position is healthy.

The Centre for Governance and Scrutiny (CfGS) played an important role, alongside partners including the Local Government Association, Association of Democratic Services Officers and Lawyers in Local Government, to support the introduction of remote meetings, campaign for their permanent adoption and help public services navigate governance challenges during the last twelve months.

CfGS continues to play an important part in promoting innovation through its research and policy work, alongside those organisations requiring improvement support.

Learning from our experience and long history of providing improvement support to councils, I was delighted to see this manifest into a new Governance Risk and Resilience Framework which was launched in March 2021. A collaboration with the think-tank Localis and funded by national partners and the Ministry of Housing, Communities and Local Government.

In housing, the National Housing Federation launched its Together with Tenants Initiative, a programme that CfGS has worked closely on since 2019. Mears PLC published its first independent Customer Scrutiny Board and ENGIE UK published its year two report. Storengy also introduced their new Responsible Business Board. Organisations we are proud to support on these innovative governance models.

We were also pleased to undertake an independent governance review for the Royal College of Nursing, begin an important project with the Gambling Commission to encourage more scrutiny of local activity to tackle gambling harm and support the Welsh Government in developing remote meeting guidance.

Finally, I was very pleased to welcome the organisation's change of name in September 2020 to the Centre for Governance and Scrutiny. Whilst not a huge change,

an important recognition of the broader scope of our work and expertise across a range of sectors. It was warmly welcomed by colleagues nationally and locally and should assist with business development.

Lord Bob Kerslake - Chairman, 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 and relevant Accounting Standards. The Trustees have considered the likely impact of COVID-19 on the operational activities of the Centre for Governance and Scrutiny (CfGS) and are of the view that there is a material impact. However, 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 2021, 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 Commissions guidance on public benefit.

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

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

An important priority last year was also to achieve a breakeven position given the effects of the pandemic, which was achieved notwithstanding all that happened, and in fact reserves were added to.

The Trustee Board of CfGS had previously agreed a revised strategy to deliver a more diverse income stream which incorporated:

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

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

REVIEW OF THE YEAR IN SUMMARY

Work areas in our Delivery Plan

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

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

Programmes

In the Programme area several work streams were undertaken, most of which related to work for the Local Government Association (LGA). 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 including Croydon.

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 funding of a new online scrutiny network and attendance at regional meetings.

We were also pleased to work again with the Welsh Government and received funds from them to develop a Democracy Handbook.

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 the pandemic crisis for both local authorities and other organisations, but there was still a number of significant pieces of work and new projects undertaken.

We continued to support both the Royal Borough of Kensington & Chelsea and Croydon Council with significant pieces of scrutiny support work, as well as carrying out a number of Scrutiny Improvement reviews and training sessions for other local authorities. In total we worked with other 30 authorities throughout the year in this way.

In addition, we continued to support existing clients such as Skanska UK, ENGIE UK, Mears PLC, National Housing Federation, Local Enterprise Partnership (LEP) Network, Storengy and continued our work for the Gambling Commission.

Training Events & Conferences

Due to the pandemic restrictions all face-to-face training, events and conferences were cancelled. In their place we ran free webinars as part of the LGA improvement grant to support remote meetings. We also ran 'taster' webinars on topics including financial scrutiny and work planning.

All in-house training delivered to clients this year has shifted to online, resulting in better attendance and engagement overall. Although it does not work for everyone.

Organisation

The staff complement was an average 5.8 FTE for the year. As a consequence of significantly reduced workloads, the administrative officer was furloughed initially, and the post was made redundant in August 2021. Another long-standing member of the team also left the organisation in July 2021 following a period of long-term sickness.

In September 2021, the organisation changed its name to the Centre for Governance and Scrutiny. The name was made to reflect the wealth of broad governance expertise and experience and support business development to new sector. The change was warmly welcomed by clients and partners.

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

There were no changes to the Trustees on the CfGS Board.

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). The launch in spring 2021 of our "Governance risk and resilience framework" – described in more detail below – is an important waypoint on this journey.

The focus of our research outputs in the early part of 2020/21 focused on providing practical support to councils as the pandemic began to take hold. At exceptionally short notice we produced a comprehensive set of guides for councils on the key factors which would contribute to effective scrutiny during this period – these guides are amongst the most downloaded and used in CfGS's history and garnered extremely positive feedback. Arising from this work, over the course of the year we became one of the more prominent voices in the campaign to make permanent remote meeting arrangements. We wrote statutory guidance for the Welsh Government on their own legal framework for remote meetings introduced in the Local Government and Elections (Wales) Act 2021 – the resulting cross-fertilisation of ideas between the

Welsh and English local governance landscape is significantly helping as we continue to engage with these issues.

We have kept the effectiveness of scrutiny during the pandemic under continual review – through a short survey and practitioner discussions in summer 2020 and again through our 2021 annual survey of overview and scrutiny in local government.

On account of the pandemic and a shift in emphasis for our agreed programme of LGA work the number of research products in 2020/21 has been less than in previous years. They have included:

- The governance risk and resilience framework, delayed from May 2020 – the framework forms the basis of ongoing work in and around the sector in 2021/22 and reflects our move into the broader corporate governance space.
- Practitioner guidance and support relating to the pandemic, as described above.
- Guidance for scrutiny practitioners in London on health inequalities, funded by the Mayor of London and carried out in partnership with Cavill Associates.
- Guidance on scrutiny, counter-extremism and the Prevent duty, funded by the LGA.
- 10 questions to ask if you're scrutinising climate change, funded by the LGA.
- Scrutiny frontiers, and the annual survey of overview and scrutiny in local government, both forming part of our LGA-funded programme and being published in early 2021/22 owing to delays associated with the third period of national lockdown in winter 2020/21.

The dynamic operating environment in 2020/21 resulted in us cementing our reputation for thought leadership on governance issues with an active approach to writing short form content – blog pieces (and blog series) for our own website as well as securing regular columns for publications including LGC, MJ, Public Finance and Local Government Lawyer.

In 2020/21 we also commenced a number of projects which continue into 2021/22. These include work with the Local Government Boundary Commission for England with whom we continue to work to explore how English councils might approach differently their formal submissions to the Commission on council size change.

We were successful in autumn 2020 in securing funding from the JRSST Charitable Trust for a project looking into how future governance, post-pandemic, might lead to changes in civic activism and how councils respond to that activism. Work on this project was delayed over the course of winter 2020/21 but is expected to wrap up in summer 2021, and will be used as the basis for further, ambitious work on governance innovation.

Campaigns and influence

Campaigning activity in 2020/21 focused on bolstering and supporting the role of good governance during the pandemic, including highlighting the need for the continuation of remote council meetings. 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 effects of the pandemic the more robust financial position of CfGS has been maintained over the last year. We initially budgeted for a breakeven position, but we actually made a surplus of £69k (slightly down from £103k in 19/20). Income for the year decreased to £618k (from £833k the previous year) but our close attention to all costs led to expenditure of £549k (down from £729k in 2019/20). As a result, the reserves figure at the year-end increased to £314k.

Looking at our individual areas of operation, on Programmes our income was virtually the same as the previous year at £226k, whilst expenditure was only marginally higher. In Consultancy the differences were much greater with income dropping to £380k from £533k, whilst expenditure dropped from £98k to £31k. Whilst in Events and Training there was virtually no income or expenditure. In organisational costs there was a significant reduction, overall costs were £508k down from £589k, mainly as a result of the staffing reductions.

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

Trustees' induction and training

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 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 2020/21 attendance at Board meetings was:

Lord Bob Kerslake (Chair)	4/4 meetings
Catherine Howe (Vice-Chair)	4/4 meetings
Cllr John Riley	2/4 meetings
Jonathan Carr-West	3/4 meetings
Andrew Burns	4/4 meetings
Helen Bailey	3/4 meetings
Caraline Johnson	4/4 meetings

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

Related parties

Trustees verbally declare any potential conflict of interest at the beginning of each board meeting. In addition, a register of interests is completed by Trustees every year. In order to be fully transparent about its work. In 2020/21, 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 John Riley held this responsibility independently during the year. CfGS paid a service charge to the LGA of £39,100 in 2020/21 (£36,300 in 2019/20) for a range of services, including management accounting, finance system, payroll and other HR support.

One staff member was seconded to CfGS up until 31 July 2020 from Improvement and Development Agency for Local Government (IDeA), but the person left both organisations at that date. CfGS reimbursed IDeA for all their salary costs. All staff members are now directly employed by 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 2020/21 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.

EFFECT OF PANDEMIC

A significant specific risk to CfGS in the last year has been the Coronavirus pandemic. The organisation responded quickly to ensure the safety of its staff as the lockdown began so we could continue to provide support to our clients. Operationally from then all staff switched to working from home with delivery of Programme and Consultancy work virtually.

We continued to deliver the vast majority of workstreams which had been agreed with clients, but some were deferred to later in the year or cancelled. Planned training and events were either cancelled or changed to online delivery. Weekly meetings of staff were held online, and other one-to-one meetings held in addition to discuss specific business or operational issues. We revised our financial forecasts down to reflect the anticipated downturn in business expected, to a break-even position.

Through the year we assessed the various Government initiatives to assist businesses and we deferred the payment of two quarterly VAT bills in mid-2020 for several months. In addition, one member of staff was furloughed in May 2020 as their workload had drastically reduced and following an organisational review the employee was made redundant in August.

The effects of the pandemic impacted on CfGS in a number of ways, but not all of the implications have been adverse. Due to our flexibility, we were able to provide essential guidance, advice and support to many local authorities who had to continue providing services to their residents and businesses.

In addition, we continued to deliver consultancy services to many other clients, however as the lockdown has eased, we have seen our order book diminish, which has meant we are now significantly increasing our marketing and business development activities.

Going forward we will offer a mixture of in-person and virtual training and consultancy services, recognising that there will be a change to how our clients wish to interact with us.

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 £313,716 as at 31st March 2021.

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 13 July 2021 and signed on their behalf by

Lord Bob Kerslake

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 2021 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 2021 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. 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.

Nicky Whitehead.

Nicky Whitehead (Senior Statutory Auditor)

For and on behalf of PKF Littlejohn LLP

Statutory Auditor

15 Westferry Circus

Canary Wharf

London E14 4HD

Date: 29/07/21

STATEMENT OF FINANCIAL ACTIVITIES

**(incorporating an INCOME AND EXPENDITURE ACCOUNT)
for the year ended 31 March 2021**

	Notes	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
Incoming from:					
Income from donations and grants					
Grants receivable		238,782	-	**238,782**	**200,400**
Income from charitable activities					
Conference and Other Income		8,200	-	**8,200**	**60,171**
Projects and Services		369,988	-	**369,988**	**570,995**
Investment income	2	722	-	**722**	**935**
Total income		**617,692**	-	**617,692**	**832,501**
Expenditure on:					
Charitable activities	7	548,840	-	548,840	**729,392**
Total Expenditure		**548,840**	-	**548,840**	**729,392**
Net income / (expenditure)		68,852	-	68,852	103,109
Net Movement in Funds		**68,852**	-	**68,852**	**103,109**
Reconciliation of Funds: Total funds brought forward at 1 April		244,864	-	244,864	141,755
Total funds carried forward at 31 March	14	**313,716**	-	**313,716**	**244,864**

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 23 to 29 form part of these financial statements.

BALANCE SHEET

Company Number 5133443

As at 31 March 2021

	Notes	2021 £	2020 £
Current assets			
Debtors	10	65,394	70,821
Short Term Investments	2	295,925	219,227
Cash at bank and in hand		10,000	10,000
		371,319	**300,048**
Creditors: amounts falling due within one year			
Creditors falling due within one year	11	57,603	55,184
		57,603	**55,184**
Net current assets		**313,716**	**244,864**
Total assets less current liabilities		**313,716**	**244,864**
Charity Funds			
Unrestricted Funds	14	313,716	244,864
Restricted Funds	14	-	-
		313,716	**244,864**

These financial statements were approved by the Trustees on 13 July 2021 and are signed and authorised for issue on their behalf by:

LORD BOB KERSLAKE

The notes on pages 23 to 29 form part of these financial statements.

STATEMENT OF CASH FLOWS

As at 31 March 2021

	Note	2021 £	2020 £
Cash flow from operating activities	12	76,698	128,401
Net cash flow used in operating activities	12	**76,698**	**128,401**
Change in cash and cash equivalents in the year / period		**76,698**	**128,401**
Cash and cash equivalents at 1 April		229,227	100,826
Cash and cash equivalents at 31 March		**305,925**	**229,227**
Cash and cash equivalents consists of:			
Cash at bank and in hand		10,000	10,000
Short term deposits		295,925	219,227
Cash and cash equivalents at 31 March		**305,925**	**229,227**

The notes on pages 23 to 29 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 2020/21 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 a material impact. However, 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 2022 and beyond, CfGS has sufficient resources to continue as a going concern.

FUNDS

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

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

INCOME POLICY

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

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

	2021 £	2020 £
Income from donations and grants		
Voluntary Income and Grants	238,782	200,400
Income from charitable activities		
Services recharged	369,988	570,995
Conferences and other income	8,200	60,171
	616,970	**831,566**

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 2021 and 2020.

4. AUDITORS REMUNERATION

The auditor's remuneration amounts to an audit fee of

	2021 £	2020 £
Audit fees	3,500	3,500

No non-audit fees were paid in the year to the auditor (2020 nil).

5. EMOLUMENTS

During 2021 no Trustee received any emoluments in respect of services to CfGS (2020 – nil). Reimbursement of expenses to no Trustee (2020 – nil) for travel and accommodation totalled £0 (2020 – £0).

6. EMPLOYEES

	2021 £	2020 £
Agency staff fees	1,336	23,783
Secondments	65,676	139,030
Staff	347,773	300,015
Total staffing costs	**414,785**	**462,828**

The Chief Executive of CfGS is the only one member of Key Management Personnel who was paid total benefits of £128,829 (2020 £129,151).

Staff were either on CfGS's payroll and have access to contributory pension arrangements or were seconded to CfGS by entities under the control of the Local Government Association - in which case they had access to the Local Government Pension Scheme. Secondment costs included, where appropriate, reimbursement of employer pension contributions borne by the relevant employer.

During the year redundancy and termination payments totalling £42,525 (2020 £nil), including payments in lieu of notice of £22,807 (2020 £nil) and compensation of £19,718 (2020 £nil), were made under the appropriate contractual terms of service. There are no outstanding liabilities.

The number of staff earning more than £60k of benefits during the year was 2 (2020 3 persons), excluding employer pension costs, in the ranges below.

Range £k	*2021*	*2020*
100-110	1	1
70- 80	1	1
60-70	-	1

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

	2021	2020
Direct work	5.8	7.5
	5.8	**7.5**

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	2021 Activities undertaken directly £	2021 Support Costs £	2021 Total £	2020 Total £
Events	243	257	**500**	**36,444**
Commercial Programme	1,262	1,338	**2,600**	**2,380**
Other Programmes	13,904	14,748	**28,652**	**568,971**
Consultancy	250,934	266,154	**517,088**	**121,597**
Total	**266,343**	**282,497**	**548,840**	**729,392**

£nil (2020 £nil) of the above costs were attributable to restricted funds. £548,840 (2020 £729,392) of the above costs were attributable to unrestricted funds.

8. BREAKDOWN OF SUPPORT COSTS

	2021 £	2020 £
Direction and management	190,620	188,858
Office Costs	70,212	95,664
IT	21,665	22,611
	282,497	**307,133**

9. EXPENDITURE ON OTHER COSTS

	2021 £	2020 £
Meeting Costs	-	1,110
Legal and advertising costs	778	786
Support costs	98,698	98,793
Audit Fees	3,500	3,500
Total	**102,976**	**104,189**

10. DEBTORS

	2021 £	2020 £
Trade debtors	32,820	42,952
Other debtors – VAT Receivable	-	-
Other Debtors	350	-
Prepayments and Accrued Income	32,224	27,869
Total	**65,394**	**70,821**

11. CREDITORS

	2021 £	2020 £
Trade creditors	44	7,382
Accruals	3,801	2,155
Earned Leave Liability	12,467	13,521
Other creditors & income in advance	23,080	15,507
VAT Payable	18,211	16,619
Total	**57,603**	**55,184**

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

	2021 £	2020 £
Net expenditure for year	68,852	103,109
Decrease / (Increase) in debtors	5,427	42,390
Increase / (Decrease) in creditors	2,419	(17,098)
Net cash flow from operating activities	**76,698**	**128,401**

13. MEMBERS' LIABILITY

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

14. FUNDS

	As at 1 April 2020 £	Income £	Expenditure £	As at 31 March 2021 £
Unrestricted Funds	244,864	617,692	548,840	**313,716**
Total	**244,864**	**617,692**	**548,840**	**313,716**

15. RELATED PARTY TRANSACTIONS

Reimbursed travel expenses of £0 (2020: £0) were paid to no (2020: nil) Trustees in the year.

16. POST BALANCE SHEET EVENTS

There are no post balance sheet events.

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
Contact details:	info@cfgs.org.uk 020 7543 5627

Trustees and directors

Lord Bob Kerslake	Chair and Independent Trustee
Andrew Burns	Chartered Institute of Public Finance and Accountancy (CIPFA) - Nominated Trustee
Cllr John Riley	Local Government Association (LGA) - Nominated Trustee
Jonathan Carr-West	Local Government Information Unit (LGIU) - Nominated Trustee
Dr Catherine Howe	Vice-Chair and Independent Trustee
Helen Bailey	Independent Trustee
Caraline Johnson	Independent Trustee

Company Secretary

Matt Marsh	Company Secretary

Senior Staff

Jacqui McKinlay	Chief Executive

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