

Trustees' Annual Report 2011/12



Contents

Chair's foreword	2
Report of the Trustees for the year ended 31st March 2012	4
Vision, mission, values and strategies for 2011–12	6
What we did in 2011–12 to achieve our aims	11
Independent auditors' report to members of the Centre for Public Scrutiny Limited	32
Statement of financial activities	34
Balance sheet	35
Notes to the financial statements	36
Appendix of publications	42

Report of the Trustees for the year ended 31st March 2012

The Trustees present their report and financial statements of The Centre for Public Scrutiny Ltd ('CfPS'; 'the Centre') for the period from 1 April 2011 to 31 March 2012.

Reference and administrative details

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

Trustees and directors

Rt Hon Nick Raynsford MP Chair and Independent Trustee
Steve Freer Chartered Institute of Public Finance and Accountancy (CIPFA) nominated Trustee
Stephen Jones Local Government Association (LGA) nominated Trustee
Andy Sawford Local Government Information Unit (LGIU) nominated Trustee
Andrew Bacon Independent Trustee (resigned 8 February 2012)
Jim Clifford Independent Trustee
Vicki Lawson-Brown Independent Trustee
Deborah Collins Company Secretary

Senior Staff

Jessica Crowe Executive Director
Tim Gilling Deputy Executive Director

Advisers

Banker: Nat West, 9th Floor, Holborn Circus branch, 1 Hatton Garden, London EC1P 1DU
Solicitor: Local Government Group's Legal Services Panel, which includes: Bevan Brittan, Pinsent Masons, Wragge & Co and Sharpe Pritchard
Statutory Auditor: Littlejohn LLP, 1 Westferry Circus, Canary Wharf, London E14 4HD

Scrutiny has been at the centre of public debate throughout the past year. Whether we are talking about the behaviour of bankers, politicians or the media, and whether the specific issue is phone-hacking, interest-rate manipulation, mis-selling of financial services, or improper influence on decision-making, effective scrutiny is fundamental. Without it many of the malpractices which have been exposed to public view might well have remained hidden.

At the Centre for Public Scrutiny we have a mission to promote effective scrutiny. We believe that transparency and accountability are fundamental to good government. Good scrutiny does not just help to expose wrong-doing and inefficiency. It also promotes integrity, and contributes to the delivery of high quality public services. Now probably more than at any time in recent history, good scrutiny is vital to restore confidence in the processes of government. This is not just a matter of “holding government to account”. In a complex modern society, government depends on a network of relationships with other organisations in the public, private and voluntary sectors to deliver its objectives. As we have seen very clearly in the past year, where that nexus of relationships fails to ensure the highest standards of conduct, there is not just the risk of impropriety and failure, but public cynicism about the motives of those in positions of authority is reinforced.

By far the best safeguard against a breakdown in standards is effective scrutiny, and that is precisely what CfPS exists to promote. Scrutiny is not the preserve of any one group or organisation. Good scrutiny depends, as we highlighted in *Accountability Works for You*, on a network of different scrutineers, the “web of accountability”. Politicians, neighbourhood or community groups, the media, inspectors and auditors, non-executive directors, managers, whistleblowers and ultimately the electorate – all have a role to play in ensuring good and accountable government.

At CfPS our role is to promote the values of good scrutiny, and assist those involved in a range of different roles to fulfil their responsibilities in the most effective way. This report sets out how we have worked in the past year to try to advance these aims. As appropriate in an organisation committed to the promotion of open and accountable government we have aimed to give a full picture of our activities, including those which have been unsuccessful as well as those that have brought very real benefits. We hope that this “warts and all” view of CfPS will be both informative and refreshingly different from the self-congratulatory style of some Annual Reports.

2011/12 has been a difficult year, in which many of the organisations with whom we work have faced severe budget pressures. Because the benefits of effective scrutiny are less immediately tangible than say the provision of a specific social service to an individual in need, there is inevitably a tendency to see scrutiny as a function which can be cut with less risk of public criticism. Yet the consequences may well be disproportionately more damaging to the long-term performance of the organisation. At CfPS we believe our role is to act as a powerful advocate for the maintenance of effective scrutiny and indeed for delivering services in the most cost-effective way.

As the following pages demonstrate, CfPS, a relatively small and charitable organisation, has many significant achievements to report over 2011/12, and has certainly, in that somewhat overused phrase, been punching well above its weight. For this, I am very grateful for the huge contribution that has been made by our very committed and hard-working group of staff, ably led by Executive Director, Jessica Crowe and her Deputy, Tim Gilling. I am equally grateful for the input of my fellow Trustees and Members of the CfPS Advisory Board who give generously of their time and expertise to help the organisation meet its aspirations and obligations.

Finally I would like to acknowledge with grateful thanks, the financial contributions which CfPS has received from many sources which have enabled us to deliver the achievements recorded in this report. We all hope that the ongoing work of CfPS will contribute to better, more accountable and more cost-effective public services and to greater public trust and confidence.



A handwritten signature in black ink that reads "Nick Raynsford".

Nick Raynsford, Chair of the Centre for Public Scrutiny

19th July 2012

Vision, mission, values and strategies for 2011–12

Our vision

Our vision is for transparent, inclusive and accountable public services. CfPS promotes the value of these principles at every level from national government to local delivery. We believe these principles should underpin service improvement, reflecting community needs and aspirations, building public trust and solving common problems.

Our mission

Our charitable purposes (to advance education and improve practice) encapsulate our mission – everything we do supports these purposes and, by achieving them, we contribute public benefit by increasing efficiency, effectiveness and public trust in government and public services.

Our strategies

We carry out our mission by supporting individuals, organisations and communities through ‘thought leadership’ and practical action based on our research and practical experience.



“Governance structures help secure value for money, strengthen the quality of policy development, protect councils from corruption and increase accountability to the public. All these things matter at any time, but when councils are being forced to make severe cuts, scrutiny matters more than ever. It compels local authorities to pause, reflect and explain before they wield the knife.”

Richard Vize, Contributing Editor, Guardian Local Government Network, reporting on ‘Joining the Dots’ – an analysis of CfPS annual surveys of local government overview and scrutiny (February 2012)



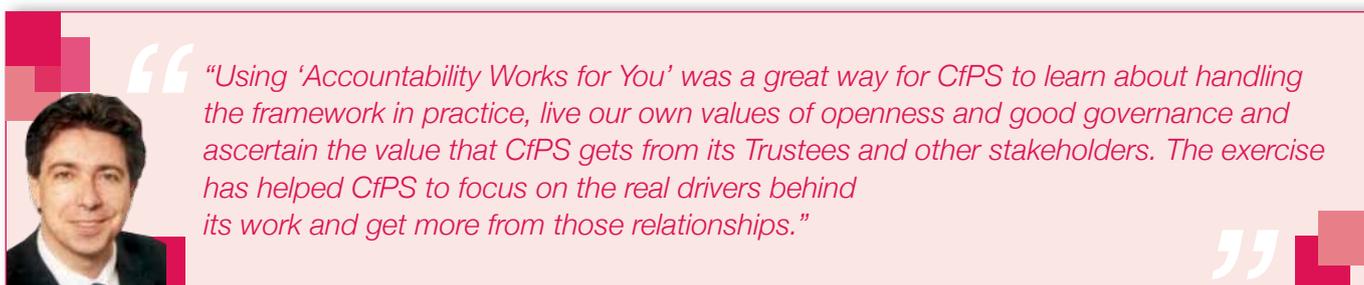
Our values

CfPS demonstrates the following values within our organisation as well as in the way that we conduct our business, deliver our services and build relationships with stakeholders:

- communicating positively, respectfully and openly.
- taking responsibility for commitments, being professional, realistic and clear about what can be delivered.
- using feedback constructively to ensure all our work is of high-quality and provides value for money.
- promoting inclusive working, recognising and championing diversity.
- being independent ambassadors for the principles of transparency, inclusiveness and accountability and non-partisan about how those principles are fulfilled.

‘Accountability Works for You’ (AW4U)

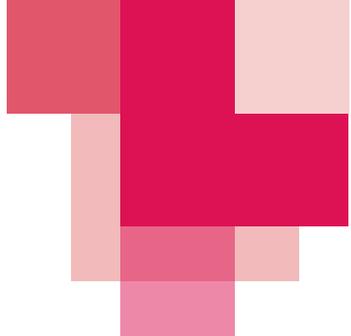
Demonstrating commitment to our values, during 2011–12 we used our ‘Accountability Works for You’ framework (available on our website) to test how well we live them in practice and the extent to which we are a transparent, inclusive and accountable organisation. This work was led by Jim Clifford (one of our independent Trustees and Head of Non-Profit Advisory Services at Baker Tilly), who explains our approach:



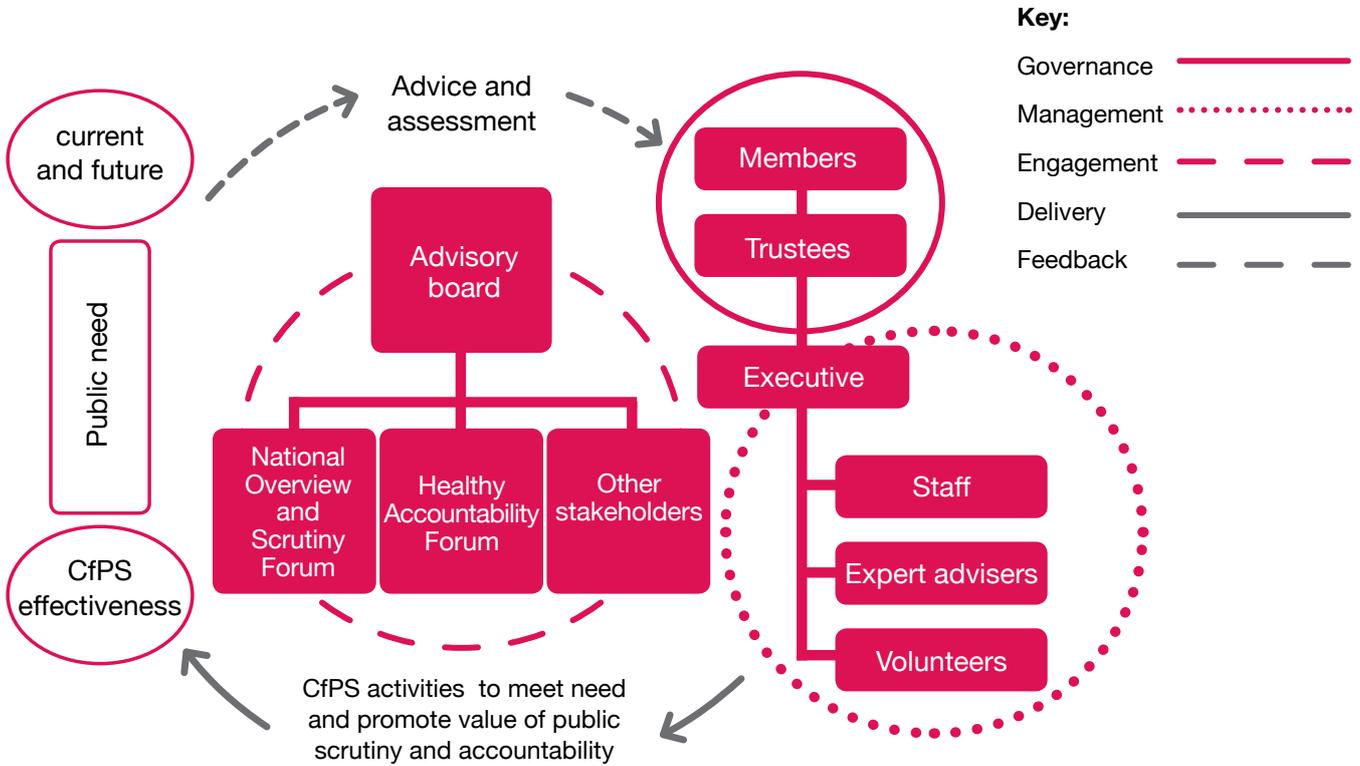
Following consultation with stakeholders about the outcomes from the framework, a number of actions relating to our governance and operations were agreed in February 2012:

- clarify the different roles and responsibilities of key groups within the organisation, in particular the Board of Trustees and Advisory Board
- clarify the Advisory Board’s purpose to ensure the Board of Trustees are aware of how effectively the Centre meets current needs and what future needs are
- review the Advisory Board’s membership to ensure it meets its purpose with legitimacy and authority
- review the Centre’s transparency arrangements and establish clear principles for what we publish, how and why
- refresh the Centre’s business planning cycle to better engage with stakeholders and ensure Trustees’ decisions are based on a clear understanding of needs and aims for the Centre’s work.

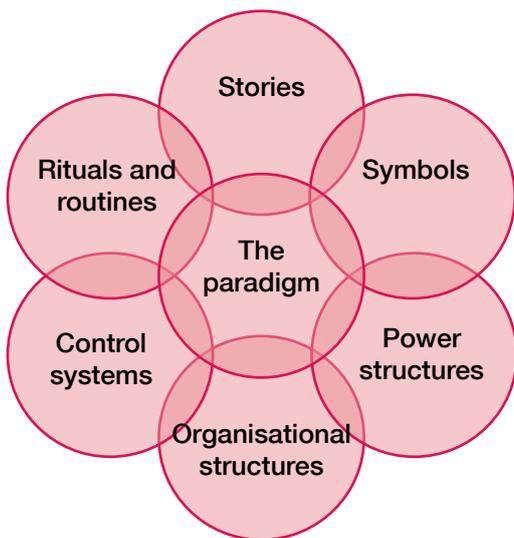
As a result of this work we have developed a unique Accountability Map for CfPS as set out overleaf.



CfPS Accountability map



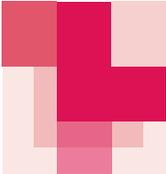
The cultural web



Source: Johnson, Gerry (1988) 'Rethinking Incrementalism', Strategic Management journal Vol 9, pp75-91

Public benefit

The charity's Trustees have considered the Charity Commission's guidance on public benefit when shaping our aims and objectives and in planning what we do. We believe that public scrutiny and accountability, as 'checks and balances' on executive power, and our work to promote their value, have public benefit through their capacity to change relationships between public leaders and citizens. This is particularly important in times of economic austerity, when there is a need for professionals, politicians and people to find solutions to challenges together. Public scrutiny and accountability are not about maintaining bureaucracy, opposing change or finding fault – they provide opportunities for public leaders to demonstrate credibility through:



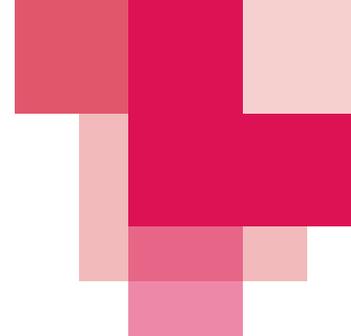
Transparency – not restricted to publishing historic spending information. It is also about providing a range of information in ways that people can easily understand and interpret. It is also about being clear how organisations are run and how people can influence strategic direction and operational performance. Contextual information gives people a powerful tool to help them have a say about how healthcare services work and how they respond to people's needs and aspirations. Other ways to describe 'transparency' could be 'openness' or 'honesty'.

Inclusiveness – not restricted to meeting legal duties to 'involve and consult'. It is also about using a range of ways for different people and groups to have their voices heard, for their views to be listened to, understood and responded to in credible ways. Being inclusive means being open to hearing different views about how to improve services or tackle inequalities. Other ways to describe 'inclusiveness' could be 'shared decision making' or 'co-production'.

Accountability – not restricted to formal authorisation or assessment. It is also about allowing others to make informed judgements about credibility. Accountability is as much about celebrating success as analysing failure. Safety, quality and financial management will always be at the heart of accountability. Working in transparent and inclusive ways will help provide assurance that organisations are 'good to do business with'.

As public services face unprecedented challenges to make financial reductions and radically transform services, we believe that embracing a positive culture of accountability and scrutiny will help them make difficult decisions more transparently and inclusively, building public consensus for the changes that are needed. Our work this year on 'Accountability Works for You' reinforces our belief that there are many factors influencing a culture of accountability - structures and processes are reinforced by stories, rituals and where power lies – as set out in the diagram opposite of the 'cultural web' – our mission involves interpreting the cultural web in the light of our 'web of accountability':

CfPS vision, mission and strategies for 2011–12



Vision

Accountability, Transparency, Involvement

CfPS promotes transparent and accountable government and better public services, involving communities and building public trust.

Mission

Advancing education in the principles and practice of public scrutiny and accountability, maintaining a national centre of expertise and promoting national debate and networks.

Improving the practice of public scrutiny and accountability within government and public services, including promoting standards of professional practice.

Strategies



Organisations

Councils
NHS commissioners and providers
Universities (development work)

Individuals

Local overview and scrutiny functions
Health scrutiny functions
Social housing tenants
Police and Crime Panels

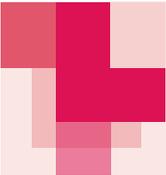
Communities

Local Involvement Networks/
Healthwatch
Voluntary and community sector
Local schools

What we did in 2011–12 to achieve our aims

In last year's Business Plan we set out a fundamentally new approach to how CfPS works to try to ensure we were positioned in arenas of work to address opportunities and threats in a changing landscape. On the one hand, we identified a risk that scrutiny and accountability are equated with bureaucracy and regulation, associated with 'big government' that gets in the way of innovation and localism. On the other hand, it was clear that transparency, accountability and public scrutiny are heralded as alternatives to central bureaucracy, regulation and performance management and are regarded as powerful ways to hold public services to account. Our challenge was to position ourselves as an organisation that supports the latter not the former and to set out a vision to see us through the serious financial challenges everyone will face over the next few years and leave us in good shape for the longer-term.

During 2011–12 the emerging policy landscape became clearer and more settled to some extent as some key pieces of legislation relevant to our work received Royal Assent. We sought to influence that developing picture and to promote our vision of scrutiny and accountability to a range of stakeholders, both with some degree of success. We made submissions to a wide range of government consultations, provided evidence to several select committee inquiries and were actively invited to comment on and help to develop new areas of policy.



The Communities and Local Government Committee reflected our case for stronger scrutiny as part of the government's reforms in two of its reports:

"...as an accountability mechanism, the scrutiny function is credible, legitimate and proven to have genuine impact on services."

"We recommend... that the Government address the contribution to accountability that can be made by robust and if necessary enhanced local authority scrutiny functions."

The government's response to the consultation on mayors referenced our comments that:

"...where proposals on powers for Mayors are made by authorities, these will need to be backed up by a clear commitment to accountability – of which the commitment to dedicated officer support and a clearly independent management structure could be considered as evidence."

"If Mayors are to have strong executive powers, then they should be subject to strong and effective local accountability, led by non-executive councillors."

Our strategy of identifying key arenas of work was largely successful in providing focus for our work but we were stretched in terms of staff capacity during the year. Funding was tight and several streams were not confirmed until part-way through the year – reflecting the general uncertainty experienced across the public sector and charity sectors. However, we won new work and opened up new sources of funding for the future through taking advantage of a range of different partnerships and opportunities, notably in the arenas of health and social housing.

Supporting organisations to develop better accountability, transparency and involvement

Councils

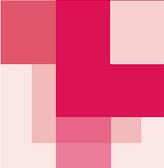
What has gone well	What has been a challenge
Strong working links with Local Government Association (LGA) maintained	Are we reaching right people (leaders/chief executives) in councils? Are they hearing us?
Accountability Works features in 'Taking the Lead' and high awareness in sector of accountability tools (LGA survey)	'Taking the Lead' offer not translated into many requests for support
Good practical experience through developing and strengthening Expert Advisory Team (EAT) and other consultancy work	Overview and scrutiny functions feeling under threat and hard to prioritise in face of resources pressures
AW4U a strong and useful product – potential of 'web/map' of accountability as a concept	Defensive culture apparent in some councils. Hard to recruit 2nd wave pilots for AW4U
Maintained loyalty and support of engaged councils and networks	Difficult to widen network of engaged councils but some success in health programmes

Working with councils to strengthen local scrutiny and accountability

We have worked with 23 councils during the year to provide member training, scrutiny development and evaluations and other support to improve local scrutiny and accountability arrangements. These include:

- **Barnet** - used the CfPS guide 'A Good Place to Grow Older' to identify issues and prioritise to demonstrate value. Resulting from the support through the programme, Barnet developed an innovative framework to assist in scrutinising 'outcomes' rather than 'structures and processes'. The framework has the concept of a 'gold standard question' at its heart, a thread that runs through scrutiny from start to finish.
- **Brecon Beacons and Pembrokeshire Coast National Park Authorities** – an example of CfPS extending our work beyond local government and the health sector was this project to establish scrutiny functions from a standing start in two NPAs. It is too early to measure the direct impact of this capacity-building programme (funded through the Welsh Scrutiny Development Fund) but the work has been universally praised as laying the foundations for a vibrant and successful scrutiny function in both authorities.
- **Hertfordshire** – a session looking at preparing for a Police and Crime Panel (PCP) involved scrutiny practitioners and community safety professionals, along with police authority colleagues. Working through a range of practical challenges and identifying opportunities helped to tease out some key steps to ensure that a robust and effective PCP could be set up.
- **London Scrutiny Development** – training seminars, facilitated for Lambeth LBC involving other local authorities, developed councillors skills in work programming, questioning skills and drafting recommendations.
- **Oldham and Rochdale** – these councils recognised that working together to address common issues could have benefits for both areas. An 'asset based' approach to scrutiny helped identify what works well in communities and how to build on it. The stories that were shared through the project highlighted excellent examples of informal help that already exist in communities and pointed to the importance of mutual support and strong relationships between local people.

-
- **Surrey Localism Focus Groups** – a workshop with a range of stakeholders, mainly from outside the council, to discuss accountability and checks and balances in the context of a more devolved approach to service delivery, allowing participants to identify what “localism” might look like in Surrey. The results of the seminar have been fed into the council’s partnership and corporate planning processes and will influence the eventual approach taken on service delivery.



Case study: Brecon Beacons and Pembrokeshire Coast National Park Authorities

Early in 2011 discussions between the National Park Authorities (NPAs) and CfPS laid the foundations for a ground-breaking scrutiny development project in Wales, involving the design and delivery of three workshops for members of both NPAs and two additional sessions on chairing and questioning skills.

What happened?

Topics covered in the workshops included:

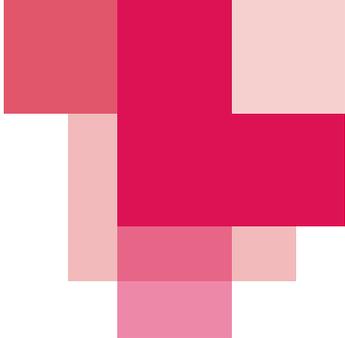
- raising awareness of scrutiny and the ‘web of accountability’
- skills required for effective scrutiny
- prioritising, work programming and planning in-depth reviews
- project management, keeping scrutiny reviews on track
- evaluating scrutiny to measure impact and demonstrate value.

Why was it successful?

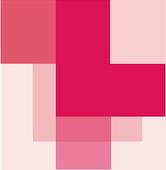
- commitment of members from both NPAs
- hard work by lead officers from the NPAs and the support of both chief executives
- an academic who chaired the first pilot scrutiny review on Scrutiny Development Fund
- an expert in biodiversity who chaired the second pilot review on Rights of Way
- organisations working and learning together, identifying common strengths
- an innovative, challenging and rewarding project
- planning to ensure objectives were met, producing the desired outcomes
- evaluation and reflection time to help plan future sessions
- consistent, accurate information and communication using ‘plain’ language
- action learning to secure commitment to key actions
- examples of good practice from CfPS were short cuts to helpful scrutiny processes
- consultancy support between workshops.

What was the impact?

Through the commitment of members and the dedication of officers from the NPAs, scrutiny was effectively developed through shared endeavour, learning and a high level of ‘thinking through’ how it might work to best effect.



Case study: Supporting the Ageing Well Programme



Building on the success of our guides about the ageing society (published in 2010), the Local Government Association commissioned CfPS to run a series of regional events around England and to work with 26 areas, through our expert adviser team, to support councils take scrutiny forward. The outcomes of the work will be captured in a report called 'Getting Wiser About Growing Older' to be published in April 2012. In the meantime, lessons from Sandwell, and feedback from Brighton and Hove, Halton and the LGA provide a flavour of the outcomes of this work:

Sandwell

- 'ageing' starts when we're young – to tackle 'ageing well' effectively, it is important to consider the whole life journey and how councils and their partners can add value at each stage.
- it is important to bring generations together to understand and tackle 'ageing well' issues. Myths and fears can exist in and across communities about people from different generations and these can be tackled to develop cohesion.
- councils and their partners need to beware of 'labelling' older people – people are individuals with experiences to share and stories to tell.

"We gained a 'roadmap' for improvement for the Older People's Council. Having an external review made this possible."

Brighton and Hove Council

"It supported members to identify solutions that overview and scrutiny can bring to the challenges of an ageing society and enabled them to develop a 'next steps' plan."

Halton Council

"The development work undertaken through the programme in 26 areas around England provided a rich diversity of support that was targeted at the requirements of each of the councils in their own context, rather than provide a 'one size fits all' solution to scrutiny of 'ageing well' issues."

David Armin, Consultant, LGA Ageing Well Programme

Learning for next year

- What does good (a transparent, inclusive and accountable council) look like?
- Integrate learning from our practical EAT and consultancy work with policy and promotional work (demonstrate the value of scrutiny through real life experience).
- Integrate learning from health reform and measuring impact of scrutiny programmes with non-health work (what are the transferable lessons across all aspects of our work?).

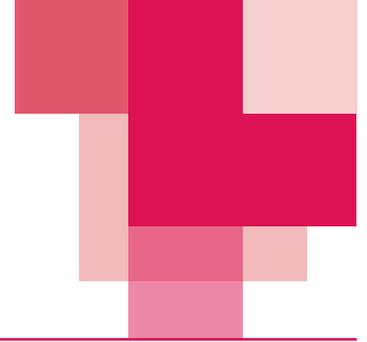
NHS commissioners and providers

What has gone well	What has been a challenge
Funding confirmed for health reform programme	Health Scrutiny Support Programme delayed due to passage of the Health and Social Care Bill
Influencing work – winning arguments about accountability with Department of Health and others. Our messages beginning to be reflected in implementation guidance	Shadow Health and Wellbeing Boards developed faster than anticipated and difficult to reach right people
Health Reforms and Health Inequalities programmes – high quality outputs and learning with wider potential application	Need to develop new and more diverse offers, linking to other arenas, for example Health Overview and Scrutiny Committees, Healthwatch
Worked with new partners, for example The Health Foundation, the Marmot review team, the British Medical Association	Need to develop stronger partnerships with primary and secondary care, social care and public health

Our work with scrutiny development areas, summarised in our publication ‘Exploiting Opportunities in Times of Change’ demonstrates the value that local authority scrutiny can add as the health reforms are implemented. Our joint publication with the British Medical Association ‘Accountability in the New Structures’ demonstrated the value of accountability for Clinical Commissioning Groups:

“Changing culture and building relationships requires a shared understanding of language. ‘Transparency’, ‘inclusiveness’ and ‘accountability’ are often interpreted in different ways. A shared understanding can help decision makers and those holding them to account to build constructive relationships and avoid confusion.”

British Medical Association General Practitioner Committee –
‘Accountability in the New Structures’



Universities

What has gone well	What has been a challenge
Developed some positive initial connections and ideas with clear potential	Lack of capacity to prioritise this work meant little concrete progress made to capitalise on initial links and plans

Learning for next year

In 2012-13 we will maintain a watching brief as the higher education regulatory framework develops and publish some short research pieces on the implications for accountability, but capacity issues mean we are unlikely to be able to deliver more practical work.

Supporting individuals to develop better accountability, transparency and involvement

Local overview and scrutiny functions

What has gone well	What has been a challenge
New Policy Briefings a valued service (to be fully tested in Annual Survey)	Need to reach more elected members directly
Positive EAT projects and feedback – service still in demand for member development projects and training sessions despite cut-backs	Haven't built on councillor skills briefings to develop offer around new skills that councillors will need, for example mediation, influencing, investigative skills
Developing regional offer to networks – 3 in process of confirmation for next year	Are we always reaching the right people, for example with our prospectus/offers?
Collaboration with LGA on events for councillors	Smaller delegate numbers for our own events, with some events cancelled

Our core programme for the Local Government Association has continued this year, with 8 Policy Briefings and 4 Skills Briefings, as well as 8 newsletters and 2 digests. These continued to be highly valued by local overview and scrutiny functions. As the timing of the CfPS Annual Survey has shifted in 2011–12 we do not have up to date user feedback on some of our more recent publications – this will come when the survey results are collated and released. However, anecdotal evidence suggests that they remain an important, popular resource for practitioners.

Problems with website reliability in the middle of the year led to us changing both the design of the site and the host server. Although this was inconvenient for us and our users we decided to create a new site rather than struggle on trying to fix the old one. We tried to use twitter and email to stay in touch during website downtime. Since the launch of the new website in late autumn 2011, access and accessibility have significantly improved, although lengthy downtime before the relaunch has had a knock-on impact on the number of site users, particularly the number of users regularly using the discussion forum. The new website still has some issues that need to be addressed and we are dealing with these as a priority.

Helpdesk

CfPS provides a “helpdesk” function for local authorities, further to our funding agreement with the LGA. We have only collected detailed statistics on the use of this function since mid-November 2011, but since then use of the function has been as follows:

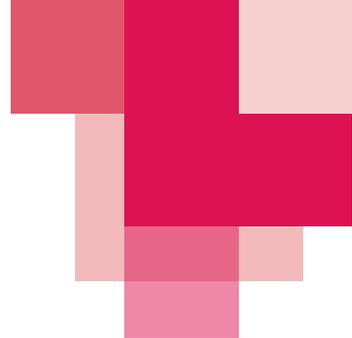
Over 18 weeks (14/11/11 to 16/3/12):	
Total number of councils provided with direct advice	51
Total number of instances in which advice given to councils	56
Total amount of time spent on all queries	24.375 hrs
Average amount of time spent on each query	0.44 hrs

These figures include e-mail and telephone conversations but do not include assistance provided on the online discussion forum, via Twitter or through other less formal means. For the moment they encompass only advice and guidance provided by the Research and Information Manager.

Notionally extrapolating these figures to the full financial year, the following might provide a useful benchmark.

Total number of councils provided with direct advice	147
Total number of instances in which advice given to councils	162
Total amount of time spent on all queries	70.42hrs

This works out at around two weeks of staff time.



Regional scrutiny networks

CfPS continues to support regional scrutiny networks in England, engaging with regional scrutiny networks in Wales through the Welsh Local Government Association (WLGA). In 2011-12 CfPS attended meetings in all English regions with active networks (seven out of nine). CfPS aims to fulfil a commitment to attend meetings of each regional network twice a year, although in 2011-12 we attended the South East and North East networks only once.

To provide practical support in austere times, we made an offer to regional networks to bolster the training, development and networking support that they can offer to councils across England. This is intended to complement existing member development work being carried out across England and to provide value for councillors through well-planned development opportunities. Four English regions are discussing this offer with us with a view to having arrangements in place (funded by a £150-£200 contribution from each authority) for 2012-13.

CfPS supported the National Overview and Scrutiny Forum (NOSF), organising four meetings in 2011-12, involving a number of external speakers. The NOSF provides an important sounding board for local government scrutiny practitioners with national policy makers and in linking up experiences from around the country to inform national discussions. A new Chair, Cllr Ian Haszeldine of Darlington Borough Council, was elected in 2011-12. An election process for a new vice-chair is currently also under way.

Events

We ran 7 national events including our Annual Conference, parliamentary seminar series and three policy/practice seminars. We had 348 attendees at our events overall throughout the year, with 68% rating them good or excellent.



“*“I found the day very useful – well done. I would recommend it.”*

“This has been a most interesting and enlightening day.”

“Excellent value for money.”

“This is the best training course I’ve ever been on.”

Feedback from delegates at CfPS events



As part of our LGA-funded programme we also contributed to 16 regional events for councillors in the summer and autumn of 2011. Our workshops at these events were overwhelmingly well received with evaluations of 3.2 out of 4 on average.



“*“[The CfPS adviser] was particularly thought-provoking and engaging.”*

“The background to overview and scrutiny was particularly useful.”

“Very helpful, enthusiastic, positive. Thank you.”

Feedback from delegates at CfPS workshops at LGA regional events



2011 Annual CfPS Conference

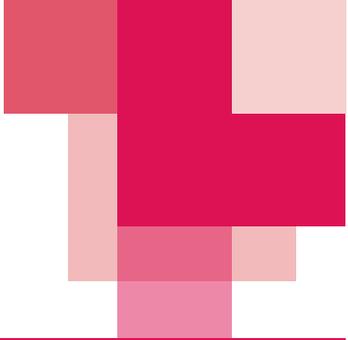


In 2011 we used a different approach - running our conference with no workshop or breakout sessions. Interactive technology allowed us to have all the delegates in one room but discussing different topics around their tables using laptops that fed live responses to the main screen prompting further debates. We had 160 delegates, although this was less than previous years. 90% of those attending CfPS 2011 fed back that it had been useful or very useful to their work, with 80% saying they considered it to be value for money. These are some of the best satisfaction figures we have ever had for our annual conference.

To stimulate discussions amongst delegates, we invited keynote speakers from a range of sectors and the conference concluded with a panel discussion chaired by Emma Maier (Editor, Local Government Chronicle) involving Cllr Richard Kemp (Local Government Association), Jessica de Grazia (former New York City Deputy Prosecutor), Jeremy Lonsdale (National Audit Office) and Sally Brearley (NHS Future Forum). Our keynote speakers were:

- Vernon Bogdanor, Professor of Government, Oxford University
- Emer Coleman, Director of Digital Projects, Greater London Authority
- Richard Wilson, Co-founder of IZWE
- David Walker, Contributing Editor, Guardian Public Leaders Network
- Helen Bailey, Chief Executive, Local Partnerships

People who were unable to attend on the day were able to use Twitter to post comments on discussions and get feedback – you can still see some of the key issues discussed by searching www.twitter.com using the hashtag **#cfps2011**



“ *#CfPS2011 is an excellent conference – ‘talking with’ not being ‘talked at’.
No chance to fall asleep :)*

*Some very good practical ideas on how #localgov can step up to #engagement
& #cuts challenge at #cfps2011*

*Fascinating debate about transparency and whether publishing raw
data is transparent and open #CfPS2011*

Feedback from **delegates** attending CfPS Annual Conference 2011



Learning for next year

Develop a focus on elected councillors as ‘champions of their patch’ at the centre of the local ‘web of accountability’¹ drawing on lessons from our health programmes, for example ‘layered accountability’² and enabling overview and scrutiny to respond to new governance arrangements, for example Mayors, committee systems, Health and Wellbeing Boards.

Celebrating successful scrutiny

The CfPS Good Scrutiny Awards 2011 ceremony was held during the annual conference and celebrated accountability and transparency in public services and the work of the non-executive.

For four years, the Centre for Public Scrutiny has awarded its Good Scrutiny Awards. What it has shown is that there are a large number of people carrying out exceptional and high-quality work holding decision-makers to account.

Every year, the entries prove emphatically wrong the prevailing orthodoxy that scrutiny and accountability is bureaucratic, boring and irrelevant. Our independent judging panel goes through dozens of examples from around the country where real, tangible results for local people have been achieved – making improvements that, but for their involvement, would not have occurred.

The primary purpose of our Awards is to recognise this work and to celebrate with the winners, and those shortlisted, the impact of their involvement. Increasingly, we have been welcoming entries from outside local government. Other national and local organisations have put forward some exciting work which we’ve been delighted to promote to a wider audience. This is the second purpose of the Good Scrutiny Awards – sharing new, different and effective practice from around the country. To further this aim, this year, for the first time, this document will also include summaries of some of the best entries that just missed out on shortlisting.

1 http://www.cfps.org.uk/domains/cfps.org.uk/local/media/downloads/L12_394_CfPS_Account_Works_Marketing_Material_2012v2.pdf

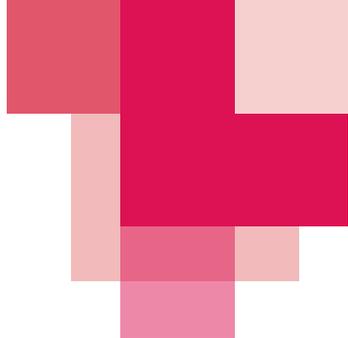
2 http://www.cfps.org.uk/domains/cfps.org.uk/local/media/downloads/L11_605_CfPS_health_overview_and_scrutiny_v8.pdf

Health, care and wellbeing scrutiny functions

What has gone well	What has been a challenge
Healthy Accountability Forum and events have been popular and timely for practitioners and policy-makers	Health Scrutiny Support Programme delayed due to passage of Health and Social Care Bill
Guides continue to be valued	Are we too often working with 'usual suspects' on innovative approaches? How do we reach others with less appetite for trying new approaches?
Testing ideas out with small groups worked well, for example developing two-tier scrutiny model	Need to strengthen regional networks – some declining due to resourcing pressures

Despite delays in finalising a new Department of Health (DH) programme, we have held 9 health events over the year, including 4 Healthy Accountability Forums, with 85% rating the events good or excellent. We have continued to produce valued and influential reports and practical guides to health scrutiny this year. A full list of publications can be found in the appendix of this report.





In the second half of 2011 we worked with the Care Quality Commission (CQC) to support relationships between CQC and Overview and Scrutiny Committees, by running various regional workshops. The Commission has asked us to run a wider programme for all councillors in 2012.

Our work has impact strategically and operationally – for example our guide about social return on investment has been used by Hartlepool Council and our guides about Childcare and Adolescent Mental Health Services (CAMHS) for children with autism has been used by parents and carers to secure scrutiny reviews around the country.

The outcome of our lobbying – the local authority cabinet member for childrens’ services agreed “to do a full survey of all providers for services into autism”.

“I’ve found the Scrutiny Committee and local Councillors to be helpful, interested and very supportive of our efforts to bring this issue to their attention, and our MP has been invited to meet us.”

Parent who used our guide ‘Difference in Mind’ to ask questions about local services and secured a commitment to have them reviewed

”

Some examples of the work of our expert advisers:

- Quality assuring a public consultation process for a London Primary Care Trust.
- Helping set up internal scrutiny process for a national charity.
- Healthwatch readiness project in the South East.
- Supporting a review of water fluoridation in the Midlands.

Social housing tenants

What has gone well	What has been a challenge
Developed new partnerships with a range of organisations – national and practitioners e.g. Registered Social Landlords	In-house expertise and capacity is limited –will have to supplement with CfPS’s Expert Advisers Team
Produced a valuable guide on tenant scrutiny with some good press coverage (for limited resource input from us)	Developing this area has meant other arenas have suffered – need to be realistic about capacity to develop new areas of work

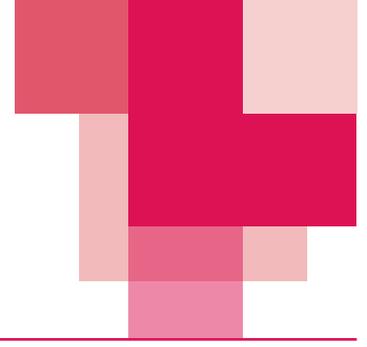
During 2011–12 we spoke at several national events on tenant scrutiny and accountability in social housing and developed a project in partnership with ten housing associations and a housing consultancy, Scrutiny Empowerment Partners, which produced three new publications on developing tenant scrutiny and co-regulation in social housing.



We have begun to provide practical support to a council seeking to develop their approach to tenant scrutiny, and have laid the foundations for further work in 2012-13, including an event to formally launch the publications in April 2012, collaboration with the Local Government Association (LGA) to provide advice for councillors on the changing nature of social housing regulation and the opportunities provided by the growing role of tenant scrutiny, and potential collaboration with other housing-related organisations who are keen to draw on our scrutiny expertise in this developing arena.

“I am familiar with and a great supporter of the work of the Centre for Public Scrutiny... This report provides valuable lessons for others embarking on the journey to ensure tenants and residents can hold their landlord to account in a meaningful way.”

Excerpt from foreword to ‘Developing tenant scrutiny and co-regulation in social housing: lessons from the Co-regulatory Champions’, **Claer Lloyd-Jones, Chief Executive, the Tenants’ Services Authority (TSA)**



Learning for next year

- We have built a strong base for future development into a new market where there is clear demand for our skills and knowledge.
- We have started to develop a practical offer with the Expert Adviser Team (EAT) which is already generating income – need to capitalise on this and promote it effectively.

Police Authorities/Police and Crime Panels (PCPs)

What has gone well	What has been a challenge
Strong partnership with LGA produced guidance and will lead to further joint work next year	Home Office yet to be convinced about need to support positive development of PCPs, although put together strong bid with LGA
Developed some new relationships e.g. the Association of Policing and Crime Chief Executives (APACE)	Proved difficult to interest Police Authorities (PAs) in e.g. using Accountability Works for You (AW4U) to set up new arrangements

Over the last year we have worked closely with the Home Office, the LGA, and with colleagues in police authorities, as well as a range of stakeholders in local government, to drive forward positive work on PCPs.

We have, through our engagement with the Home Office, highlighted the importance of strong and effective checks and balances, and the potential conflicts of interest inherent in some planned approaches to the composition and role of the PCP. We also made strong representations on the amount of resourcing necessary to make the PCP viable, which may in part have been responsible for the increase in this resource from £33,000 (plus on-costs) to £53,000 per Force area per year.

Close work with the LGA, and other partners, has led to the provision of active assistance to practitioners in two Force areas, with a view to this being expanded as November 2012 approaches. This will be accompanied by further joint guidance with the LGA on the scrutiny role of the PCP, providing an opportunity to embed the principles of accountability, transparency and inclusiveness into the approaches that authorities take on the work of the panel.

Supporting communities to develop better accountability, transparency and involvement

Local Involvement Networks/Healthwatch

What has gone well	What has been a challenge
Local Involvement Networks (LINks) review well-received	Difficult to progress Action Learning Set (ALS) idea with previous team in Department of Health (DH) but now shifted to Health and Wellbeing Board (HWB) team may be possible to make more progress
Kent Local Healthwatch Readiness project been positive, developed new 'state of readiness' model and led to further work and possible new partnerships	Changes to the Health and Social Care Bill in the later stages made engaging with the Healthwatch development agenda difficult

Healthwatch arrangements are a significant part of the health reforms and our guide about creating effective local Healthwatch arrangements demonstrates the crucial issues that should be addressed to help them develop influential activities. The national Healthwatch Advisory Board endorsed the key messages of our report 'Smoothing the Way' setting out lessons for healthwatch from the experiences of local involvement networks.

As well as supporting strategic developments we have also provided practical support for local healthwatch development, for example our 'healthwatch readiness' work in Kent.

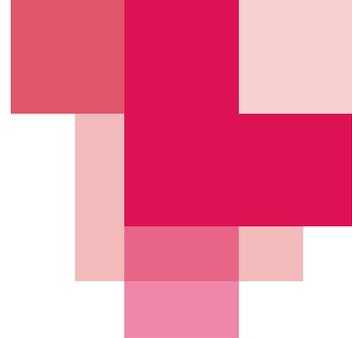
Voluntary and community sector

What has gone well	What has been a challenge
Made some early connections and established clear need and interest in the sector	Lack of capacity to prioritise this work meant limited concrete progress made to capitalise on initial links and plans
Some press contacts established to start to build our presence/reputation with sector	Need to make more of our National Association for Voluntary and Community Action (NAVCA) membership and networks

Voluntary/Community Sector (VCS) and civil society organisations face challenges as advocacy groups (getting their message heard) and as providers of services (demonstrating credibility). Our guides published jointly with the National Autistic Society have been used to trigger scrutiny reviews in some areas and we have plans to work with others to add value to VCS accountability in 2012-13.

Learning for next year

- Hold seminar with Cass Business School CCE on accountability in VCS
- Investigate locality and others involved with community organisers programme to see if joint training opportunities exist
- Investigate opportunities around citizenship education
- Innovation and social capital – build on existing Board and Advisory Board contacts.



Local schools

What has gone well	What has been a challenge
Some initial research into schools governance and accountability e.g. produced Policy Briefing, using volunteer capacity	Schools work was always planned as a 2012-13 project, with only limited preparatory work this year, which has gone reasonably well
Established potential interest in collaboration with the LGA – features in their 2012-13 Business Plan – and begun to develop links with others e.g. New Schools Network	Concern based on experience with other arenas is that without additional capacity we could struggle to break through into this new arena of work next year

December’s Policy Briefing on “accountability in education” (which also covered further and higher education issues) has led to the start of a more detailed piece of work examining the governance arrangements being put in place in free schools. This has involved some positive conversations with the New Schools Network, and with the Chartered Institute of Public Finance and Accountancy (CIPFA), both of whom will be important partners as this work progresses. This more detailed research, background work for which will be carried out by one of our volunteers, is expected to be completed in the late spring.

Learning for next year

In 2012-13 we will invest in developing our business case for working in this arena and exploring feasibility, analysing who else is working on it and whether we can offer something distinct, through a time-limited commissioned project, which could be extended into developing our offer if the case stacks up.

Plans for the future

Working with Organisations, Individuals and Communities to promote and support Accountability, Transparency and Involvement 2012-15

Organisations

Councils (2012-15)

NHS commissioners and providers (2012-15)

Universities (watching brief in 2012-13, development work in 2013-14, roll-out in 2014-15 if confirmed)

Individuals

Local overview and scrutiny functions (2012-15)

Health scrutiny functions (2012-15)

Social housing tenants (2012-15, with review in 2013 to assess impact)

Police and Crime Panels (2012-15, with review in 2013 to assess impact)

Communities

Local Involvement Networks/Healthwatch (2012-15)

Voluntary and community sector (development work in 2012-13, roll-out 2013-15)

Local schools (development in 2012-13, roll-out 2013-15 if feasibility work supports)

Structure, Governance and Management

Governing document

CfPS is a company limited by guarantee. Its memorandum and articles of association were amended in 2009-10 and CfPS was registered by the Charity Commission as a charity on 8 June 2010. During 2011–12 members of the charity amended the memorandum and articles to remove the requirement to have an annual meeting as an unnecessary burden for a small organisation with only three members.

Appointment of Trustees

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

The Centre began recruiting for new independent Trustees, to fill identified gaps around health and education expertise, and to replace an independent Trustee who resigned at the end of the year. CfPS independent Trustees serve an initial term of two years, with the possibility of extending for a total of up to eight years, after which the above recruitment process is repeated.

Trustees' induction and training

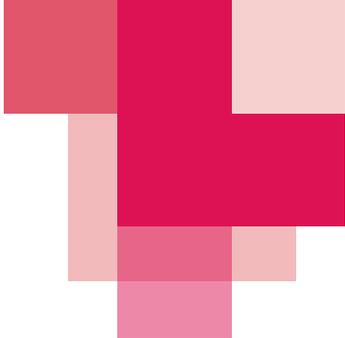
CfPS provides an induction pack for new Trustees, which contains key Charity Commission guidance on the role of Trustees, CfPS governing documents and key policies (equalities and diversity, whistle-blowing, interests and hospitality, data protection and information policies) as well as background information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

A session with the staff team is offered and the opportunity to attend events to build knowledge of what we do. We aim to provide an 'away-day' type session at least once a year to enable Trustees to meet informally outside of the Board meetings. We have also recently agreed to hold an annual joint meeting between the Board of Trustees and the Centre's Advisory Board, to facilitate discussion with key stakeholders and beneficiaries about the work of the Centre and the needs it is seeking to meet.

Organisational structure

The Board of Trustees, currently made up of 7 members, meets four times a year to agree the business plan and annual budget, monitor performance and financial information, agree staff pay and the executive director's targets and appraisal, as well as key policies, the risk assessment and other matters as it may determine. There is no formally constituted audit committee and audit matters are reported and taken at ordinary meetings of the Board. During 2011–12 attendance at Board meetings was:

Rt Hon Nick Raynsford (Chair)	4/4 meetings
Andrew Bacon	1/3 meetings (resigned Feb 2012)
Jim Clifford	3/4
Steve Freer	3/4
Stephen Jones	3/4
Vicki Lawson-Brown	3/4
Andy Sawford	1/4



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

Related parties

Trustees and senior officers verbally declare any potential conflict of interest at the beginning of each board meeting. In addition a register of interests is completed by Trustees and senior officers every year. In order to be fully transparent about its work in 2011–12, the Centre declares the following financial connections with the Local Government Association:

- The Local Government Association (LGA) is a founding member of CfPS and has a nominated Trustee on CfPS's Board, Stephen Jones, who is also a Director of the LGA's property management company, to whom CfPS paid a service charge of £45k in 2011–12 for a range of hosting services, including rent for office space, IT, procurement, management accounting, finance system, payroll and other HR support
- All staff are formally employees of Local Government Improvement and Development (LGID), another member of the LGA, and are seconded to CfPS. CfPS reimburses LGID for all salary costs.

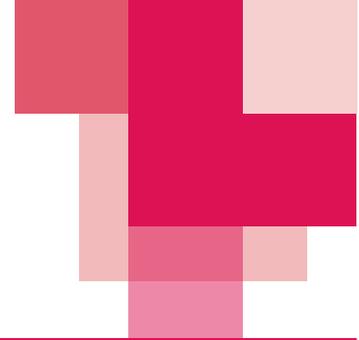
Risk management

The Trustees' risk management strategy includes:

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

The Centre's staff team carries out a biannual risk assessment and reports this to the Board, highlighting the top risks based on probability of occurring and likely impact on the Centre's activities if they do occur. In 2011–12 the top risks reported were:

Risk	Mitigation
Operations	
<p>Small team with limited capacity is either stretched too thin or unable to respond to new challenges, leading to:</p> <ul style="list-style-type: none"> • loss of reputation for influential 'thought leadership' and practical support • inability to support existing markets and develop new ones • dissatisfied customers • funding crisis 	<p>Ensure 'thought leadership' is respected and practical support adds value through rigorous internal challenge and use of feedback to ensure we are meeting customers' needs.</p> <p>Focus on business plan priorities, share information and support each other – use volunteers and other resources to add capacity as required</p> <p>Through PDR process, Skills Development Strategy to support existing staff and future recruitment</p> <p>Draw on capacity and expertise of Board and Advisory Board</p> <p>£446,000 in reserves & contingencies</p>
Funding Strategy	
<p>Narrow funding base and traditional ways of working lead to:</p> <ul style="list-style-type: none"> • fewer local government projects as budgets increasingly restricted • lack of opportunities for work outside local government as fail to capitalise on new opportunities and markets • lack of influence and loss of touch with practitioners 	<p>Secure support for CfPS contribution to LGA self-regulation and improvement programmes</p> <p>Work with Regional Advocates to develop National O&S Forum and Regional Scrutiny Networks</p> <p>Link Regional Advocate role to clear comms and marketing to reassure existing markets and reach new markets</p> <p>Refocus consultancy work with refreshed team of Expert Advisers</p> <p>Seek research/project funding and develop bid writing skills</p> <p>Target 1 or 2 key new sectors to make inroads using AW4U as key offer but also being flexible and fleet of foot as opportunities arise</p> <p>Develop sponsorship and commercial partners strategy</p>



Risk	Mitigation
Political/policy context	
<p>National political and policy rhetoric about accountability remains strong but differential applications of what it means in practice lead to:</p> <ul style="list-style-type: none"> • dilution of local scrutiny and accountability arrangements • a patchwork of arrangements that are not efficient or effective 	<p>Research and policy development programme to influence future policy agenda</p> <p>Communications and marketing strategy to communicate our core principles – themed for relevant individuals, organisations and communities</p> <p>Develop thought leadership and evidence base around successes and impact (Return on Investment)</p> <p>Build/maintain partnerships to support our arguments</p>
Reputation	
<p>Failure in governance or quality leads to:</p> <ul style="list-style-type: none"> • perceptions around independence and impartiality • loss of reputation for high quality outputs and ‘thought leadership’ 	<p>Board and new Advisory Board provide effective challenge, inputs and steer to the work of CfPS using results of AW4U to ensure we are hearing from all stakeholders</p> <p>Planning and quality assurance procedures for all outputs</p> <p>Our national evidence resource informs policy</p> <p>Use public relations and communications strategy to ensure our messages are effective and reach right audiences</p> <p>Refresh Expert Adviser Team to ensure best knowledge and skills</p>

Investment powers and policy

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

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

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

Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements

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

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and the expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

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

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

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

Provision of information to Auditors

In so far as the Trustees are aware:

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

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

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

New auditors, Littlejohns, were appointed in February 2012 by the Board.

Approved by the Board of Trustees and signed on behalf of the Board



Rt Hon Nick Raynsford 4 July 2012

Independent auditors' report to the members of The Centre for Public Scrutiny Limited

We have audited the financial statements of The Centre for Public Scrutiny Limited ('The Centre') for the year ended 31 March 2012 which consist of the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 31, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime take advantage of the small companies' exemption in preparing the Trustees' Annual Report.

Paul Hopper

Senior Statutory Auditor

For and on behalf of Littlejohn LLP

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

Statement of financial activities (incorporating an income and expenditure account) for the year ended 31 March 2012

	Notes	Unrestricted Funds 2012 £	Restricted Funds 2012 £	Total Funds 2012 £	Total Funds 2011 £
Incoming resources					
Incoming resources from generated funds					
Investment income	2	7,745	-	7,745	2,834
Incoming resources from charitable activities					
Services recharged		515,432	-	515,432	427,399
Grants receivable		-	230,642	230,642	433,274
Sponsorship		-	-	-	7,100
Total incoming resources		523,177	230,642	753,819	870,607
Resources expended					
Charitable activities	6	485,371	230,642	716,013	848,181
Governance costs	8	14,778	-	14,778	15,926
Total resources expended		500,149	230,642	730,791	864,107
Net incoming resources	3	23,028	-	23,028	6,500
Total funds brought forward at 1 April 2011					
		446,311	-	446,311	439,811
Total funds carried forward at 31 March 2012					
	14	469,339	-	469,339	446,311
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 notes on pages 27 to 31 form part of these accounts.					

Balance sheet as at 31 March 2012

	Notes	2012 £	2011 £
Current assets			
Debtors	9	99,847	94,114
Short Term Investments	2	900,000	800,000
Cash at bank and in hand		172,803	68,628
		1,172,650	962,742
Creditors: amounts falling due within one year			
Creditors falling due within one year	10	233,701	116,179
Deferred income (Restricted Funds)	11	469,610	400,252
		703,311	516,431
Net current assets		469,339	446,311
Total assets less current liabilities		469,339	446,311
Funds			
Unrestricted Funds	14	469,339	446,311
Restricted Funds	14	-	-
		469,339	446,311
<p>These financial statements are prepared in accordance with the special provisions of Part 15 Chapter 4 of the Companies Act 2006 relating to small entities and with the Financial Reporting Standard for Smaller Entities.</p> <p>These financial statements were approved by the Trustees on 4 July 2012 and are signed and authorised for issue on their behalf by:</p>			
			
<p>Rt Hon Nick Raynsford MP</p>			

Note 1 – accounting policies

Basis of accounting

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

Going concern

The Trustees (who are also the directors of The Centre for Public Scrutiny Ltd ('the Centre') for the purposes of company law) have prepared the accounts on a going concern basis. As described in the Report of the Trustees, during 2011–12 the Centre worked closely with both the Department of Health and with the Local Government Association and the bodies under the Local Government Association's control. Although long term funding has not been agreed beyond 31 March 2013, the Trustees consider that, having regard to the arrangements agreed with the Department of Health for the use of restricted funds, the current level of the Centre's unrestricted funds and the likelihood of securing funding for periods beyond April 2013, the Centre has sufficient resources to continue as a going concern.

Income policy

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

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

Investment income is recognised on a receivable basis.

Restricted income

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

Resources expended

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

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

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

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

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

Allocation of support costs

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

Cash flow statement

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

Corporation Tax

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

Funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

Note 2 – investment income

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

Note 3 – net incoming resources after taxation

Net Incoming resources after taxation are stated after charging:

	2012 (£)	2011 (£)
Trustees Emoluments (see note 4)	-	-
Directors Emoluments	-	-
Audit fees	1,000	1,240

Note 4 – emoluments

During 2012 no Trustee received any emoluments in respect of services to the Centre (2011 – nil). Reimbursement of expenses to one Trustee for travel and accommodation totalled £463 during the year (2011 – £1,464).

Note 5 – employees

	2012 (£)	2011 (£)
Staff costs		
Wages & salaries	-	-
Social security costs	-	-
Agency and secondments		
Agency staff fees	-	7,341
Secondments	387,144	421,661
Total staffing costs	387,144	429,002

The Executive Director of The Centre for Public Scrutiny was paid £55k- £60k (FTE £70k - £75k) during the year. The Deputy received £55k - £60k.

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

Number of employees

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

	2012	2011
Direct work	7.3	9
Support	-	-
	7.3	9

Note 6 – costs of charitable activities

	2012 Activities undertaken directly (£)	2012 Support Costs (£)	2012 Total (£)	2011 Activities undertaken directly (£)	2011 Support Costs (£)	2011 Total (£)
Events and Conferences	16,739	4,741	21,480	142,487	35,631	178,118
Communications and Publicity	16,181	4,583	20,764	13,570	3,393	16,963
Health Scrutiny Support	262,249	74,278	336,527	217,124	54,294	271,418
Healthy Communities	117,733	33,346	151,079	176,413	44,114	220,527
Other Programmes	83,696	23,706	107,402	27,140	6,787	33,927
Consultancy	61,377	17,384	78,761	101,777	25,451	127,228
Total	557,975	158,038	716,013	678,511	169,670	848,181

Note 7 – breakdown of support costs

	2012 (£)	2011 (£)
Direction and management	114,136	115,432
Office Costs	43,371	45,155
IT	531	1,742
Staff Costs	-	7,341
	158,038	169,670

Support costs are allocated based on dedicated general ledger codes. Where apportionments and judgment have to be applied, this is done based on staff time spent on different activities.

Note 8 – governance costs

	2012 (£)	2011 (£)
Chairman's expenses	-	-
Meeting Costs	232	1,860
Legal and advertising costs	865	-
Support costs	12,681	12,826
Audit Fees	1,000	1,240
Total	14,778	15,926

Note 9 – debtors

	2012 (£)	2011 (£)
Trade debtors	62,964	48,868
VAT recoverable	-	17,855
Other debtors	16,049	27,391
Accrued Income	20,834	-
Total	99,847	94,114

Note 10 – creditors

	2011 (£)	2010 (£)
Trade creditors	10,604	18,012
Accruals & deferred income	205,643	93,913
Other creditors	11,873	4,254
VAT Payable	5,581	-
Total	233,701	116,179

Note 11 – deferred income (Restricted Funds)

	2012 (£)	2011 (£)
Health Scrutiny Support	469,610	400,252
Total	469,610	400,252

Income recognised previously for Health Scrutiny Support has, with the agreement of the sponsor, been deferred to match future expenditure and is restricted to utilisation within the generic health scrutiny programme as required.

Note 12 – analysis of net assets between funds

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

Note 13 – share capital

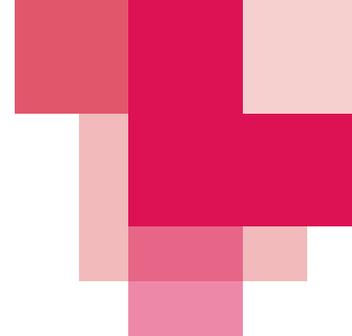
The company is a registered charity and is limited by guarantee with no share capital. The liability of each member in the event of winding up is limited to £1.

Note 14 – funds

	As at 1 April 2011 (£)	Incoming Resources (£)	Resources Expended (£)	As at 31 March 2012 (£)
Unrestricted Funds	446,311	523,177	500,149	469,339
Restricted Funds	-	230,642	230,642	-
Total	446,311	753,819	730,791	469,339

Restricted funds relate to income and expenditure for Health Scrutiny Support and are restricted under the terms agreed with the sponsor (DoH) to utilisation within the generic health scrutiny programme.

Appendix – Publications 2011-12



No	Publication titles	Published
1	Policy briefing 10: Shared services and commissioning	May 2011
2	Accountability Works for You – Interim Report	June 2011
3	Accountability Works for You – Appendices	June 2011
4	Accountability Works for You Methodology	June 2011
5	Conference Report: Accountability, transparency, commissioning	June 2011
6	Future of local public audit: CfPS response to consultation	June 2011
7	Skills Briefing 1: Questioning skills	August 2011
8	Skills Briefing 2: Chairing and leadership	August 2011
9	Skills Briefing 3: Running a scrutiny review	August 2011
10	Skills briefing 4: Working with partners	August 2011
11	CfPS Annual Trustees' Report 2010/11	September 2011
12	Unofficial guidance, co-produced by CfPS and the LGA, on police and crime panels guide on roles and composition	November 2011
13	Policy Briefing 13: Accountability in education	November 2011
14	Policy Briefing 14: New legislative framework update	December 2011
15	Response to Government consultation on mayoral powers	December 2011
16	Mirror, Mirror... Reflecting Improvement through Review and Challenge	February 2012
17	Joining up the dots Overview and scrutiny in local government: an analysis of eight years of CfPS survey findings	February 2012
18	Developing Tenant Scrutiny and Co-regulation in Social Housing: Lessons from the Co-Regulatory Champions' CfPS and SEP report on tenant scrutiny and co-regulation in social housing	February 2012
19	Stories in Tenant Scrutiny and co-regulation in social housing Case studies from the co-regulatory champions and others	February 2012

No	Publication titles	Published
20	Policy Briefing 15 - tenant scrutiny Research for local government scrutiny practitioners on new powers of tenant scrutiny	March 2012
21	Top tips for tenants: holding your landlord to account through scrutiny	March 2012
Health, Care and Well Being Titles		Published
22	Smoothing the way - developing local healthwatch through lessons from Local Involvement Networks – Part 1 key messages	September 2011
23	Smoothing the way – developing local healthwatch through Local Involvement Networks – Part 2 key messages and summary data	October 2011
24	Getting in on the act Scrutinising services for adults with autism	October 2011
25	10 questions to ask if you are scrutinising arrangements for effective healthwatch	November 2011
26	Achieving an effective Health and Wellbeing Board	November 2011
27	A discussion paper from the General Practitioner Committee and CfPS, in association with the British Medical Association	November 2011
28	Health overview and scrutiny: Exploiting opportunities at a time of change	November 2011
29	The Development of Local Healthwatch in Kent - Assessing Readiness for Local Healthwatch Part One -Key Findings	January 2012
30	Ten questions to ask if you are scrutinising local immunisation services A guide written by leading immunisation experts and produced in partnership with Sanofi Pasteur MSD	February 2012
31	Smoothing the way - Developing local healthwatch through lessons from Local Involvement Networks – Part 3 Key messages, full data and methodology	February 2012

The Centre for Public Scrutiny
Local Government House
Smith Square
London SW1P 3HZ

Tel +44 (0)20 7187 7362

www.cfps.org.uk

CfPS is a registered charity no 1136243

December 2012

L12-593