

# PUBLICA

Publica Group (Support) Limited

**REPORT and ACCOUNTS**

For the period 24<sup>th</sup> January 2017 to 31<sup>st</sup> March 2018

# Publica Group (Support) Limited

CONTENTS OF THE FINANCIAL STATEMENTS  
For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

	Page No.
OFFICERS AND PROFESSIONAL ADVISORS	1
DIRECTORS REPORT	2 – 7
STRATEGIC REPORT	8 – 9
INDEPENDENT AUDITORS REPORT	10 – 12
STATEMENT OF COMPREHENSIVE INCOME	13
STATEMENT OF FINANCIAL POSITION	14
STATEMENT OF CHANGES IN EQUITY	15
STATEMENT OF CASHFLOWS	16
NOTES TO THE ACCOUNTS	17 – 29

# Publica Group (Support) Limited

OFFICERS AND PROFESSIONAL ADVISORS  
For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

## Non- Executive Directors

David Gary Brooks	Chairman	Appointed 19 <sup>th</sup> May 2017
Steve Anderson-Dixon		Appointed 19 <sup>th</sup> May 2017
Wendy Louise Flynn		Appointed 19 <sup>th</sup> May 2017
Rosa-Maria Stewart		Appointed 19 <sup>th</sup> May 2017
James Christopher Towner		Appointed 19 <sup>th</sup> May 2017

## Executive Directors

David Simon Neudegg	Managing Director	Appointed 24 <sup>th</sup> January 2017
Dr Christine Elizabeth Gore	Commissioning	Appointed 22 <sup>nd</sup> September 2017
Susan Gail Pangbourne	Services	Appointed 22 <sup>nd</sup> September 2017
Frank Malcolm Wilson	Finance & Transformation	Appointed 19 <sup>th</sup> May 2017

## Legal Advisors

Cotswold District Council  
Council Offices  
Trinity Road  
Cirencester  
Gloucestershire GL7 1PX

## Registered Office

Council Offices, Trinity Road, Cirencester, Gloucestershire, GL7 1ZE  
Company no. 10580349

## Auditors

Grant Thornton UK LLP  
Chartered Accountants  
11/13 Penhill Road  
Cardiff  
CF11 9UP

## Bankers

Lloyds Bank PLC  
130 High Street  
Cheltenham  
GL50 1EW

The directors submit their report and financial statements of Publica Group (Support) Limited (the Company) for the period 24<sup>th</sup> January 2017 to 31 March 2018.

# Publica Group (Support) Limited

## DIRECTORS REPORT

For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

### Principal Activities

The Principal activity of Publica Group (Support) Ltd ('Publica') is a council owned company which delivers shared services between Cotswold, West Oxfordshire, and Forest of Dean District Councils and Cheltenham Borough Council. Publica additionally provides services to the Cheltenham Trust, Cheltenham borough Homes and UBICO (an environmental services local authority company).

Publica is a company created by four councils to deliver great services locally and aims to:

- Be a great service provider
- Be a great place to work
- Support our member councils deliver their ambitions
- Be a growing and improving company

Each of the councils retain their independence and identity but, by working together and sharing resources seek to maximise mutual benefit, leading to more efficient, effective delivery of local services

In June 2015 the Local Government Association published its 'Future Funding Outlook for councils 2019-20' and stated that "the funding gap for councils would grow to £10.8bn by 2019-20". It warned that social care and waste spending is absorbing a rising proportion of council resources and that "the challenge cannot be solved by back-office efficiencies alone".

In response to this Cotswold, Forest of Dean and West Oxfordshire District Councils, along with Cheltenham Borough Council agreed to form a four council partnership to make substantial savings whilst continuing to deliver services locally. Publica Group (Support) Limited began meaningful trading on 1st November 2017.

The move is projected to save the councils collectively £41 million over 10 years with annual savings of £5.9 million per year forecast from 2020. This move will allow the councils to preserve services while showing resilience and respecting each council's separate identity, retaining strong local knowledge.

The company approach provides a mechanism to bring employees from across the public sector under a single employment arrangement. The company is independent of individual councils but accountable equally to all partners.

This provides an opportunity to create an even more motivated workforce through the provision of modern, flexible employment arrangements free from the constraints associated with national arrangements and offering greater career progression in a larger organisation.

This approach allows us to act in a more commercial and creative way to deliver a better approach to public service delivery focused on delivering benefits for local residents.

# Publica Group (Support) Limited

## DIRECTORS REPORT

For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

### Objectives and Strategy

It has been identified that Publica can assist the Councils to:

- Respond to current and future financial pressures
- Deliver efficient, value for money services
- Increase organisational resilience and capacity by sharing expertise
- Deliver better outcomes for our communities
- Champion local needs

2017/18 was about delivering a smooth transfer to Publica; 2018/19 will be focused around improvement for our residents, our staff and our councils.

### Desired Outcomes:

#### Savings

- Delivers realistic and sustainable revenue savings.
- Provides a positive return on investment in the medium to long term.
- Enables further savings through partnership and better asset management. Enables opportunities for income generation.

#### Influence

- Respects the separate identities as individual authorities.
- Ensures decision making will remain locally accountable.
- Strengthens the ability to exercise community leadership on behalf of the localities.
- Allows retention of strong local knowledge for frontline services.
- Each authority has impartial commissioning and client side advice from people they trust.

#### Quality

- Enhances and maintains good quality services to the public.
- Nurturing existing partnerships and take advantage of new ones.
- Creates organisations that are flexible and adaptable to future changes.
- Has governance and structures that are streamlined and easy to understand.
- Is widely acknowledged to be socially responsible.

#### Creativity

- Empowers employees to be creative, collaborative and enquiring.
- Supports our commitment to a public service that responds to and empowers our local communities.
- Fosters and rewards an innovative, can-do approach to delivering services.

# Publica Group (Support) Limited

## DIRECTORS REPORT

For the period 24<sup>th</sup> January 2017 to 31 March 2018

### Financial Review

Publica began providing services on behalf of its clients on 1st November 2017. The activity for the first five-months of trading against budget is outlined below.

Publica Group	2017/18 Nov-Mar Budget £000	2017/18 Nov- Mar Actual £000	2017/18 £000 Variance
<b>Sales</b>	<b>11,551</b>	<b>11,602</b>	<b>51</b>
<b>Direct Costs</b>			
Salaries & other staffing costs	(8,572)	(8,558)	14
Transport costs	(145)	(110)	35
Equipment & materials	(21)	(15)	6
<b>Gross Surplus</b>	<b>2,813</b>	<b>2,919</b>	<b>106</b>
Administration expenses	(2,203)	(1,914)	289
Other operating expenses	(57)	(18)	39
<b>Operating Surplus</b>	<b>553</b>	<b>987</b>	<b>434</b>
Net interest (payable) / receivable	(5)	3	8
<b>Surplus before Tax</b>	<b>548</b>	<b>990</b>	<b>442</b>
Tax	0	0	0
Contract fee refund	(529)	(978)	(449)
<b>Retained Surplus</b>	<b>19</b>	<b>12</b>	<b>(7)</b>

The turnover noted in the statement of comprehensive income is the total sales net of the contract fee refund.

The variances relate to a number of cost savings in the first 5 months of trading, including an underspend in the transformation fund and the set-up of only one trading company compared to the 3 initially envisaged and budgeted for.

# Publica Group (Support) Limited

## DIRECTORS REPORT

For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

### **Events since the Balance Sheet date**

There were no events of significance after the balance sheet date.

### **Directors Responsibilities Statements**

The Directors are responsible for preparing 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 of the profit or loss for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK accounting standards and Statement of Recommended Practice 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors is aware:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

# Publica Group (Support) Limited

## DIRECTORS REPORT

For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

### **Governance and Risk**

Publica Group Support Limited is a company, limited by guarantee, operating with Mutual Trading Status to deliver the Services to the Members under contracts.

The Company is a Teckal company fulfilling the conditions set out in Regulation 12(4) of the Public Contracts Regulations 2015. The Company is subject to management supervision by the Members. As such, the Company is a body governed by public law as defined in the Public Contracts Regulations 2015.

The Publica Board is made up of four Executive Directors (including the Managing Director) and five Non-Executive Directors. The balance of experience that makes up the board provides a great balance of accountability, Council knowledge and external experience and business insight.

#### Internal Audit

The Internal Audit service for Publica is provided by SWAP Internal Audit Services Limited (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS). The Partnership is also guided by the Internal Audit Charter which is reviewed annually. Internal Audit provides an independent and objective opinion on the organisation's control environment by evaluating its effectiveness through the work based on the Annual Plan agreed by Senior Management and the Publica Board.

#### Counter Fraud Unit

Publica also contracts with the Gloucestershire Counter Fraud Unit, through Cotswold District Council. The Fraud Unit work closely with the Human Resources team on internal investigation work on issues of staff misconduct and works proactively to prevent fraud and corruption, or investigate potential areas of risk. Publica has a zero tolerance policy and investigate any staff wrongdoings in these areas.

The Counter Fraud Manager reports directly to the Director for Finance & Transformation.

#### Whistleblowing

Publica has its own whistleblowing policy and encourages any member of staff to report their concerns.



# Publica Group (Support) Limited

## DIRECTORS REPORT

For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

### **Auditors**

A resolution to appoint Grant Thornton UK LLP as auditors of the company was approved on 16 February 2018.

This report was approved by the board on 9<sup>th</sup> July 2018 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'Frank Wilson', with a long horizontal stroke extending to the right.

**Frank Wilson CPFA**  
Finance Director

# Publica Group (Support) Limited

## STRATEGIC REPORT

For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

### Strategic Report 2017/18

Publica has been set up as part of the 2020 Vision Programme to find a total of £41million of savings over the next ten years through shared working.

The business plan, which is challenging but considered achievable, outlines how this is going to be done using the following key approaches:

- **Traditional shared services** - sharing teams of staff working across multiple locations
- **Service redesign** - reviewing service processes and cutting waste and bureaucracy
- **Digital service provision** - modernising service provision to digitally enable services
- **Employment cost savings** – offering new and current employees more flexible remuneration.
- **Release of office space** - delivering rental income to Councils

The updated business case approved by the Councils of June 2016 reflected the financial implications as a result of the proposal by Cheltenham Borough Council to limit involvement to back office services.

The business case was also updated to reflect:

- Baseline employment activity;
- Savings delivered in 2015/16 and 2016/17 ;
- Review of savings assumptions;
- Revisions to the overall programme costs reflect revised anticipated costs, however the overall cost envelope for the programme was expected to remain within £10.1m;
- Review of the operational costs associated with the proposed company models;
- VAT and Corporation Tax advice from KPMG which found that there are no VAT or Corporation Tax implications to include in the financial case.

In January 2017 three companies were established in line with the approved business case to reflect the partial involvement of Cheltenham in the activities of the group. Subsequently, with the agreement of all the partner Councils, it was determined that two of the companies should remain dormant and Publica Group (Support) Ltd would be the sole company to receive all the transferred employees. This was seen as a more efficient and effective way to deliver the services and more inclusive for all partners whilst also minimising risks around mutual trading status.

During the period from April 2017 to October 2017 preparation for company go-live continued with the build of the business administration system (Finance and HR) and the development of company identity, governance and policies.

The key activity over this period was to ensure a smooth and effective employment transition for the employees of the partner Councils to Publica via a Transfer of Undertakings process (TUPE).

# Publica Group (Support) Limited

## STRATEGIC REPORT

For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

The TUPE process followed statutory guidelines although with extended consultation periods. In total 630 employees were transferred from the Councils to Publica.

Other processes carried out during the lead in period included:

- Admission agreements for Local Government Pension Schemes for existing bodies;
- Establishment of new stakeholder pension provider and associated protection policies;
- Development of change management and transformational capabilities within the business

### Principal Risks and Uncertainties

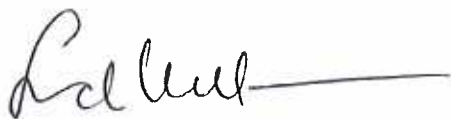
The recognition and understanding of risks relevant to the Company and the services it provides is key to the successful management of the business and the delivery of the vision and objectives.

A register of business risks is maintained and reviewed monthly by the executive management team. This is accompanied by action plans to mitigate identified risks. The Board of Directors receive quarterly monitoring reports on the Company's finances and the key risk areas of the business. The Company has appropriate insurance cover for assets and business operations, including directors' and officers' indemnity.

The Directors have identified the main risks as being changes to Local Government finance (e.g. outcomes from future Spending Reviews, new legislation) or other budget pressures which may result in Councils having to reduce budgets which in turn may impact on Publica's ability to maintain service quality.

To mitigate this risk the board will meet regularly and liaise with Council statutory officers. Business planning will address contingencies.

Legal challenge - Any legal challenge on the structure and governance of Publica may have financial or policy implications. To mitigate this risk the board will seek appropriate legal advice where necessary.



Frank Wilson CPFA  
Finance Director

**Publica Group (Support) Limited**

INDEPENDENT AUDITOR'S REPORT TO THE PUBLICA GROUP (SUPPORT) LIMITED  
BOARD OF DIRECTORS

For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

**Opinion**

We have audited the financial statements of Publica Group (Support) Limited (the 'company') for the period 24th January 2017 to 31 March 2018 set out on pages 13 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard - applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of profit for the period 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 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.

**Who we are reporting to**

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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

**Matters on which we are required to report by exception**

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of directors for the financial statements**

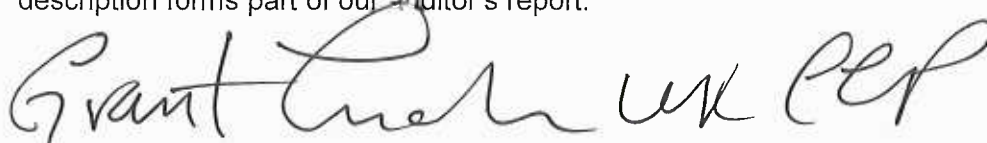
As explained more fully in the directors' responsibilities statement on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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



Rhian Owen (senior statutory auditor)

For and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Senior Statutory Auditor  
11/13 Penhill Road  
Cardiff  
South Glamorgan  
CF11 9UP

20 July 2018

# Publica Group (Support) Limited

STATEMENT OF COMPREHENSIVE INCOME  
For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

## STATEMENT OF COMPREHENSIVE INCOME

All operations are continuing, and none of the Company's activities were discontinued during the reporting period. The notes on pages 17 to 29 form part of these financial statements.

	<i>Note</i>	<b>Period to 31 March 2018 £</b>
<b>TURNOVER</b>	4	10,625,233
Cost of Sales	5	(8,682,928)
<b>Gross Profit</b>		<b>1,942,305</b>
Administrative expenses		(1,914,195)
Other operating expense	6	(18,463)
<b>OPERATING PROFIT</b>		<b>9,646</b>
Interest receivable and similar income		3,948
Interest payable and similar charges	7	(61)
<b>Profit on ordinary activities before taxation</b>		<b>13,534</b>
Tax on profit on ordinary activities	9	-
<b>Profit for the financial year</b>		<b>13,534</b>
<b>Total comprehensive income for the Period</b>		<b>13,534</b>

# Publica Group (Support) Limited

Registered Number:10580349

## STATEMENT OF FINANCIAL POSITION

For the period 24<sup>th</sup> January 2017 to 31 March 2018

### STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

As at 31<sup>st</sup> March 2018

	<i>Note</i>	<b>As at 31 Mar 18 £</b>
<b>FIXED ASSETS</b>		
Tangible Assets	10	46,807
Intangible Assets	11	52,854
<b>CURRENT ASSETS</b>		
Debtors amounts falling due within one year	12	408,426
Cash at bank and in hand	13	3,469,225
		<b>3,877,651</b>
<b>CURRENT LIABILITIES</b>		
Creditors: amounts falling due within one year	14	(3,838,778)
Provisions	15	(125,000)
		<b>(86,127)</b>
<b>NET CURRENT LIABILITIES</b>		<b>(86,127)</b>
<b>NET ASSETS</b>		<b>13,534</b>
<b>CAPITAL AND RESERVES</b>		
Profit and loss accounts		13,534
<b>TOTAL RESERVES</b>		<b>13,534</b>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



Frank Wilson CPFA  
Finance Director



# Publica Group (Support) Limited

## STATEMENT OF CHANGES IN EQUITY

For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

### STATEMENT OF CHANGES IN EQUITY

	<b>Statement of Comprehensive Income £</b>
<b>At 24th January 2017</b>	-
Profit for the year	13,534
Other comprehensive income	-
<b>Total comprehensive income for the year</b>	<b>13,534</b>
Transfer between funds	-
<b>At 31<sup>st</sup> March 2018</b>	<b>13,534</b>

# Publica Group (Support) Limited

## STATEMENT OF CASHFLOWS

For the period 24<sup>th</sup> January 2017 to 31 March 2018

## STATEMENT OF CASHFLOWS

	2018 £
<b>Cash flows from Operating Activities</b>	
Profit for the period	13,534
Interest received	(3,887)
Amortisation of intangible assets	6,146
Depreciation of tangible assets	12,317
Increase in debtors	(408,426)
Increase in creditors	3,838,778
Increase in provision	125,000
<b>Net cash generated from Operating Activities</b>	<b><u>3,583,462</u></b>
<b>Cash flows from Investing Activities</b>	
Interest received	3,948
Purchase of tangible and intangible fixed assets	(118,124)
<b>Net cash flow from Investing Activities</b>	<b><u>(114,176)</u></b>
<b>Cash flows from Financing Activities</b>	
Interest paid	(61)
<b>Cash used in financing activities</b>	<b><u>(61)</u></b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b><u>3,469,225</u></b>
<b>Cash and Cash Equivalents at 31 March</b>	<b><u>3,469,225</u></b>

# Publica Group (Support) Limited

## NOTES TO THE ACCOUNTS

For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

### 1. LEGAL STATUS

The Company is registered under the Companies Act 2006, and was incorporated on 24th January 2017. The accounting period covers the period from incorporation up to the end of the financial year to 31 March 2018.

All future accounting periods will run from 1<sup>st</sup> April to 31<sup>st</sup> March.

### 2. ACCOUNTING POLICIES

#### **Basis of Accounting**

These financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and with the Companies Act 2006.

The financial statements are presented in Sterling (£).

The following principle accounting policies have been applied:

#### **Going Concern**

The financial statements have been prepared on a 'going concern' basis. There is no reason to believe that the Company will be unable to meet its liabilities as they fall due.

#### **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must be met before revenue is recognised

#### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- The amount of revenue can be measured reliably
- It is probable that the Company will receive the consideration due under the contract
- The stage of completion of the contract at the end of the reporting period can be measured reliably; and
- The costs incurred and the costs to complete the contract can be measured reliably

# Publica Group (Support) Limited

## NOTES TO THE ACCOUNTS

For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

### **Tangible fixed assets**

Fixed assets are capitalised at cost/purchase price, comprising purchase price and any costs directly attributable to bringing the asset into use, and stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Assets will be capitalised where they will provide economic benefit to Publica for more than one accounting period. Assets with a cost of less than £10,000 will be treated as de-minimus and may not be capitalised, except where the sum of a group of similar assets together (for example ICT equipment) have a value in excess of this.

### **Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years

Amortisation is provided on the following bases:

ICT Software - 20%

### **Operating leases: the Company as lessee**

Rental paid under the operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessees benefit from the use of the leased asset.

### **Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

# Publica Group (Support) Limited

## NOTES TO THE ACCOUNTS

For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

### Depreciation

Depreciation is charged so as to allocate the cost of fixed assets (less their residual value) over the estimated useful life of the asset. Assets are normally depreciated over the following lives, using the straight-line method as follows:

ICT Equipment	20% straight line (5-years)
Vehicles and equipment	20% straight line (5-years)

At the point Publica Group began trading assets were acquired from the Council clients. Asset valuations and useful lives were estimated at the point of transfer. Assets acquired after 1<sup>st</sup> November 2017 will be capitalised at their purchase price.

For any purchases of used (second-hand) assets, the useful life of the asset will be determined at the point of acquisition.

### Taxation

Publica Group is a local authority company wholly owned by its partner councils. As a result any surplus generated in-year is treated as an in-year contract price reduction and returned to the partner Councils at the end of the year. Any retained surplus which is generated from contract sums is not assessed for corporation tax due to Publica's mutual trading status with the Councils.

### Value Added Tax

The Company charge value added tax (VAT) where applicable on its income and is able to recover VAT on the majority of its expenditure. The balance of VAT payable to HMRC at year-end is included in the accounts as a current liability.

### Pensions

The Company participates in separate pension schemes; a contributory pension scheme for TUPED employees, based upon the terms and conditions of the Local Government Pension Schemes (LGPS) and a defined contribution scheme for 'new' Publica employees (employed after 1<sup>st</sup> November 2017).

The defined benefit scheme is part of the Local Government Pension Scheme. Publica takes deductions from eligible Publica staff and pay over contributions to the respective Gloucestershire or Oxfordshire LGPS. These schemes are independent of the Company finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary in order that the benefits accruing in respect of current and future service can be met.

Pension scheme assets and liabilities are all included on the partner Council's balance sheets are not accounted for as part of these accounts.

The Company also offers a Stakeholder pension for employees employed post 1<sup>st</sup> November. The scheme is administered by Royal London. Employee contributions are matched by employer's contributions (at 5%).

# Publica Group (Support) Limited

## NOTES TO THE ACCOUNTS

For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

### **Cash and cash equivalents**

For the purpose of the cash flow statement, cash comprises cash in hand and deposits repayable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at, or close to, their carrying values or traded on an active market.

### **Debtors**

Short term debtors are measured at transaction price, less any impairment.

### **Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

### **Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

# Publica Group (Support) Limited

## NOTES TO THE ACCOUNTS

For the period 24<sup>th</sup> January 2017 to 31 March 2018

### 3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Preparation of the financial statements requires management to make judgements and estimates. The items in the financial statements where significant estimates have been made are as follows:

- **Depreciation**

The company exercises judgement to determine useful lives and residual values of tangible fixed assets. The assets are depreciated down to their residual values over the estimated useful life of the asset.

- **Basis of preparation of the financial statements**

As per the accounting policy within note 2 above, the accounts have been prepared on the basis that Publica Group (Support) Limited is a going concern.

- **Valuation of pension scheme**

Management has reviewed the TUPE agreements between the Council and Publica Group (Support) Limited and considers the balance of risks and rewards sits with the Council clients.

The net pension liability on the LGPS therefore sits solely in the Council accounts and no pension liability in relation to the LGPS sits on the Publica balance sheet.

### 4. ANALYSIS OF TURNOVER

Turnover is generated from charging for its services. Turnover can be categorised as follows:

	2018 £
<b>Principle activity:</b>	
Cheltenham Borough Council contribution	594,740
Forest of Dean District Council contribution	2,478,407
West Oxfordshire District Council contribution	3,879,571
Cotswold District Council contribution	3,666,157
Third party work	6,358
	<u>10,625,233</u>

All turnover is generated in the United Kingdom.

# Publica Group (Support) Limited

## NOTES TO THE ACCOUNTS

For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

### 5. ANALYSIS OF COST OF SALES

	<b>2018</b>
	<b>£</b>
Salaries (incl on-cost)	8,553,783
Other Staff Costs	916,171
Transport	110,055
Equipment & Materials	14,811
	<u>8,682,928</u>

### 6. OPERATING PROFIT

Operating profit is stated after charging the following:

	<b>2018</b>
	<b>£</b>
Depreciation of tangible and Intangible assets	18,463
External Audit costs:	
- Audit Fee	19,000

### 7. INTEREST PAYABLE

	<b>2018</b>
	<b>£</b>
Bank charges	61



# Publica Group (Support) Limited

## NOTES TO THE ACCOUNTS

For the period 24<sup>th</sup> January 2017 to 31 March 2018

### 8. EMPLOYEES and DIRECTORS REMUNERATION

Staff costs, including directors' remuneration, during the period were as follows:

	<b>2018</b>
	<b>£</b>
Staff salaries	6,611,197
Employer's NI contributions	635,635
Employer's superannuation payments	1,306,951
	<u>8,553,783</u>

The average monthly number of employees, including the directors, during the period was as follows:

	<b>2018</b>
	<b>No.</b>
Average number of staff employed	625

Remuneration in respect of directors (4 salaried) was as follows:

	<b>2018</b>
	<b>£</b>
Emoluments (5 Months)	190,981
Employer's superannuation payments	21,513
	<u>212,494</u>

# Publica Group (Support) Limited

## NOTES TO THE ACCOUNTS

For the period 24<sup>th</sup> January 2017 to 31 March 2018

The amounts above include remuneration in respect of the highest paid director as follows:

	<b>2018</b>
	<b>£</b>
Emoluments (5 Months)	51,233
Employer's superannuation payments	6,332
	<u>57,565</u>

The Managing Director has retirement benefits accruing under the defined benefit pension scheme in respect of qualifying service.

Board members allowances and expenses were as follows:

	<b>2018</b>
	<b>£</b>
Board members allowance	18,000
Board members expenses	1,675
	<u>19,675</u>

## 9. TAXATION

### Tax on profit on ordinary activities

#### Analysis of charge in period

Publica Group (Support) Ltd has mutual trade status and is therefore not liable to pay tax on trading profits that arise from mutual trade. Publica do not get relief for trading losses arising from and capital allowances on assets provided for their mutual trade.

There was a small amount of trade activity during the year which was outside of the mutual trade group, on analysis of this activity the cost outweighed the income received and therefore there was no liability to corporation tax for this element of trading.

# Publica Group (Support) Limited

## NOTES TO THE ACCOUNTS

For the period 24<sup>th</sup> January 2017 to 31 March 2018

### 10. TANGIBLE FIXED ASSETS

	<b>Motor Vehicles</b>
	£
<b>Cost or valuation</b>	
Additions	59,124
At 31 March 2018	<u>59,124</u>
<b>Depreciation</b>	
Charge for the period on owned assets	12,317
At 31 March 2018	<u>12,317</u>
<b>Net book value</b>	
At 31 March 2018	<u><u>46,807</u></u>

Publica Group (Support) Limited has no land, property or investment property assets.

### 11. INTANGIBLE ASSETS

	<b>Software</b>
	£
<b>Cost</b>	
Additions	59,000
At 31 March 2018	<u>59,000</u>
<b>Amortisation</b>	
Charge for the period	6,146
At 31 March 2018	<u>6,146</u>
<b>Net book value</b>	
At 31 March 2018	<u><u>52,854</u></u>

# Publica Group (Support) Limited

## NOTES TO THE ACCOUNTS

For the period 24<sup>th</sup> January 2017 to 31 March 2018

### 12. DEBTORS

	<b>2018</b>
	<b>£</b>
Cheltenham Borough Council	14,539
Forest of Dean District Council	112,480
West Oxfordshire District Council	128,591
Cotswold District Council	37,674
	<hr/>
<i>Amount due by members</i>	293,284
Prepayments (Insurance)	99,739
Other Trade Debtors	15,403
	<hr/>
	408,426

### 13. CASH and CASH EQUIVALENTS

	<b>2018</b>
	<b>£</b>
Bank current account	3,469,225

### 14. CREDITORS - due within one year

	<b>2018</b>
	<b>£</b>
Cheltenham Borough Council	(213,741)
Forest of Dean District Council	(295,088)
West Oxfordshire District Council	(425,112)
Cotswold District Council	(1,279,618)
	<hr/>
<i>Amount due to members</i>	(2,213,559)
Accruals	(446,068)
Taxation and social security	(1,174,290)
Other creditors	(4,861)
	<hr/>
	(3,838,778)

# Publica Group (Support) Limited

## NOTES TO THE ACCOUNTS

For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

### 15. PROVISIONS

The Company has established a provision for staff restructuring costs in the amount of £125,000.

### 16. RELATED PARTY TRANSACTIONS

#### Services provided by Publica Group (Support) Ltd:

Publica Group (Support) Limited (the Company), is a not-for-profit company limited by guarantee with no share capital.

Cotswold, West Oxfordshire, and Forest of Dean District Councils and Cheltenham Borough Council have jointly set up Publica Group (Support) Limited, a wholly owned company, limited by guarantee, operating with Mutual Trading Status to deliver the Services to the Council and services to other Members under contracts similar to this Agreement.

During the period the Company supplied services to its partner the Councils totalling £10,618,874.

The Company is a Teckal company fulfilling the conditions set out in Regulation 12(4) of the Public Contracts Regulations 2015. The Company is subject to management supervision by the Members. As such, the Company is a body governed by public law as defined in the Public Contracts Regulations 2015.

Publica additionally provides services to the Cheltenham Trust, Cheltenham Borough Homes and UBICO (an environmental services local authority company).

While Publica is owned by the Councils, Publica has its own Directors and Executive Directors who are responsible for the strategic direction of the Company.

#### Services provided to Publica Group (Support) Ltd from the partner Councils:

The following services are provided to Publica Group (for a fee):

- Counter Fraud Support from the Gloucestershire Counter Fraud Unit – who are employed by Cotswold District Council.
- ICT infrastructure and office accommodation (as part of a 'desk charge') from each of the partner Councils.

# Publica Group (Support) Limited

## NOTES TO THE ACCOUNTS

For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

### Publica Directors and Senior Officers

All Directors and senior officers within Publica have made declarations as to any potential conflicts of interest within their roles within Publica and their private lives. No declarations require disclosure in these accounts.

There are a number of Publica staff who have the ability to commit to expenditure on behalf of the Council clients, as well as Publica. While a number of these officers have operational responsibility within both the company and the client clear distinctions remain between the organisations with separate accounting policies, financial rules and general ledger systems to ensure the organisations remain separate and are accounted for as such.

## 17. FINANCIAL INSTRUMENTS - LEASING

### Leasing commitments

Publica Group (Support) Ltd leases office facilities and ICT equipment from its partner Councils. The leases were for either 5 or 10-year periods from 1<sup>st</sup> November 2017. There were no other material lease obligations to report. Future lease obligations are as follows:

	<b>2018</b>
	<b>£</b>
Payments due:	
Not later than one year	797,235
Later than one year but not greater than five years	3,167,886
Later than five years	3,422,401
	<u>7,387,522</u>

# Publica Group (Support) Limited

## NOTES TO THE ACCOUNTS

For the period 24<sup>th</sup> January 2017 to 31 March 2018

---

### 18. PENSIONS

Employees are entitled to participate in a retirement benefit scheme. The Company participates in three schemes:

- The Local Government Pension Scheme ('LGPS') for Gloucestershire and the LGPS for Oxfordshire, both of which are a defined benefit schemes. The scheme is a closed scheme for new employees unless the Transfer of Undertakings (Protection of Employment) Regulations 2006 applies.
- a Stakeholder pension administered by Royal London. Employee contributions are matched by employer's contributions to a maximum of 5%.

#### The Gloucestershire and Oxfordshire Local Government Pension Schemes

The defined benefit schemes are part of the Local Government Pension Scheme. Publica takes deductions from eligible Publica staff and pay over contributions to the respective Gloucestershire or Oxfordshire LGPS. These schemes are independent of Company finances. Contributions are paid into the scheme in accordance with the recommendations of an independent actuary in order that the benefits accruing in respect of current and future service can be met.

The LGPS assets and liabilities are all included within the accounts of the Councils. The admission agreements mean that risks and reward of the scheme (and the assets and liabilities of the scheme) remain with the Councils and are not included as part of these accounts.

#### Royal London Stakeholder Pension

The Company also offers a Stakeholder pension for employees employed post 1<sup>st</sup> November. The scheme is administered by Royal London. Employee contributions are matched by employer's contributions (at 5%). The cost of pension contributions is included within these accounts as part of the 'Cost of Sales' line within the *Statement of Comprehensive Income*.