

PUBLICA

Annual Report and Accounts for the year ended 31 March 2020

Publica Group (Support) Limited

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Officers and Professional Advisors

Non- Executive Directors

David Gary Brooks



Chairman

James Christopher Towner



Steve Anderson-Dixon



Rosa-Maria Stewart



Paul Gerard McCloskey



Appointed 15 April 2019

Executive Directors

Jan Britton



Appointed 9 December 2019

Dr Christine Elizabeth Gore



Commissioning

Susan Gail Pangbourne



Services

Frank Malcolm Wilson



Finance & Modernisation

David Simon Neudegg
Managing Director
Resigned 9 December 2019

Registered Office Council Offices, Trinity Road, Cirencester, Gloucestershire, GL7 1ZE

Legal Advisors

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

Auditors

Grant Thornton UK LLP
6th Floor, 3 Callaghan Square
Cardiff, CF10 5BT

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 year ended to 31 March 2020.

Director's Reports

Overview

The Publica Business Plan - 2019-20 Business Plan - Building on Solid Foundations clearly set out our 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

Our priorities for 2019-20 were :

- Do the 'day job' really well
- Transform service delivery and exceed service expectations
- Develop Publica people
- Exceed the minimum business case financial targets
- Start taking our first tentative steps towards developing a commercial offer to other Councils

Performance against the Business Plan was reported to the Board on a quarterly basis during the year using a range of performance indicators. Generally performance against targets set by Councils remained high with notable success against customer satisfaction across all access channels except satisfaction with the Council websites. This was addressed in quarter 4 of 19/20 and quarter 1 of 20/21 with new websites implemented which produced an immediate increase in satisfaction. We continue to improve our websites to make them more transactional through our modernisation programme.

The performance report also noted progress against key actions to deliver the objectives of the business plan and of the 26 actions 2 were off track. One of these was to deliver a Commissioning Strategy for the partner councils and the second to develop and approve a commercial offer for other Councils.

The financial aspects of the performance are covered in the financial review on page 6 but are summarised in the graphic below:-

TARGET OPERATING SURPLUS Full year

ACTUAL TO DATE Against Full Year Budget



Director's Reports

Strategic Report

I am delighted to be able to contribute to this statement of accounts with a review of the year during which I took up the reins from our former Managing Director, David Neudegg. Our thanks go to David for having the vision and leadership to set Publica on its way and securing a 'safe' launch of the company.

From a Board perspective, the only change during the year was as set out above and therefore the Directors during the year were:

Executive Directors

David Simon Neudegg (to December 2019)
Jan Britton (from December 2019)
Dr Christine Elizabeth Gore
Susan Gail Pangbourne
Frank Malcolm Wilson

Non-Executive Directors

David Gary Brooks (Chairman)
Steve Anderson-Dixon
Paul Gerard McCloskey
Rosa-Maria Stewart
James Christopher Towner

Publica was set up as part of the 2020 Vision Programme to find a total of £41 million of savings over the period 2015 to 2025 through shared working. As at the end of March 2020 the cumulative savings have reached £15.3m and are forecast to reach £42.7m by March 2025. Publica has been contributing to these savings since November 2017.

The business plan, which was challenging but considered achievable, outlined 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

In November 2017 the partner councils launched this company to be the significant employment vehicle to deliver the remaining savings that needed to be delivered in respect of the 2020 Vision programme. Cheltenham Borough Council chose to maintain their previous level of service provision through the company – essentially back office service provision of Finance, ICT and Human Resources functions. Cotswold, Forest of Dean and West Oxfordshire chose to transfer the bulk of their employees into the company except for statutory local authority officers.

The company made a strong start to its delivery of the savings targets and indeed at the end of March 2020 is ahead of the targets set out in the programme delivering significant one –off savings to complement the underlying savings required by the business plan.

During 2019/20 a review of the priorities set out for Publica was initiated by the partners as a consequence of them refreshing their Council priorities. The outcome of this review was a change in direction for the company with a stronger focus on delivering on local priorities and local branding rather than a commercial offer to other councils under a Publica branding. This change in emphasis helps the company to assist the Councils in setting out clear ambitions to strengthen their place shaping abilities.

Director's Reports

We have also reorganised our management structure to provide a clearer link between partners and the Publica management structure through the creation of a "Relationship Lead Director" for each partner. This provides a consistent link for partners to resolve any urgent issues and a consistency of management visibility.

It goes without saying that the period since early March has been a challenge for both the company and partner councils. We successfully reorganised our working arrangements such that 85% of our staff were working from home upon the announcement of the 'lockdown' caused by the Coronavirus pandemic. I am incredibly proud of the response all our staff have made to the pandemic both in respect of maintaining service delivery but also emergency response over a sustained period and I know this view is shared by our partners.

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 and more recently a potential impact of local government reorganisation.

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

At the centre of our thinking on risk has been the impact of the Coronavirus pandemic and we have worked closely with our member Councils to fully understand the risk to both themselves and Publica as their service delivery partner.

As set out above, Publica has responded well to the demands placed on it by member Councils and, through them, via the government. We are forecasting that the pandemic will actually reduce some of our non-staff operating costs (such as travel costs) as we move to a more agile way of working that was already in our modernisation plans but transitioning faster than we originally anticipated.

Our going concern is intrinsically linked to that of our member Councils who continue to support the company via the member agreements in place. All the member Councils medium term financial plans are being reviewed and they have all benefitted significantly from government support for lost income they have experienced and increased costs. All member Councils have no immediate going concern issues and indeed continue to request Publica to deliver additional services on their behalf to meet their political priorities.

During the pandemic Publica has not furloughed any employees as the demand for our services from Councils has actually increased across a number of service areas. This did necessitate some redeploying of employees to new service delivery priorities such as community support, business support and re-opening high streets safely. This had largely unwound by the end of August 2020 as all service areas returned to normal service demand levels.

Our performance in quarter 1 of 2020/21 continues to beat budget forecast and we continue to exceed the business case targets set for Publica prior to its establishment.

Director's Reports

We are currently planning for the impact of any second wave of the pandemic and we forecast that the impact of this will be to increase the demands placed on Publica by member Councils who will continue to fund this through government supported spending. Any additional resourcing requests will be subject to variation orders from member Councils to deliver additional services.

Our savings and modernisation plans remain intact for the current year and our initial plans for 21/22 suggest we can be confident in delivering a further £0.5m of revenue benefit for our member Councils. Savings plans and actions are managed through the service improvement group which has already approved actions to deliver the majority of the 21/22 target and these are currently being implemented.

On the basis of the above, the ongoing cash positive position of the company and letters of support from member Councils including approval of the Business Plan, Publica is confident that it is well placed to remain a going concern throughout the remainder of 2020/21 and indeed 2021/22.

This report was approved by the board on 28 September 2020 and signed on its behalf.



Jan Britton
Managing Director

Director's Reports

Financial Review

Overall financial performance for 2019/20 has been strong and delivered the budgeted savings of £930k for the partner councils together with additional one-off savings of £362k making total in year savings of £1.29m, bringing the cumulative base budget savings delivered by Publica since establishment on 1 November 2017 in excess of £3m.

The final quarter of the financial year has been the most difficult in financial terms since the establishment of Publica. The onset of the global Coronavirus pandemic has reduced staff turnover significantly and with the transferred budgets from the Council's having an in-built vacancy factor of £444k (2% of payroll), the lack of staff turnover has placed pressure on employee based budgets.

In addition, a decision to allow annual leave carry over of up to ten days (increased from 5) to free up key staff who had planned leave in March, has increased the balance sheet provision for accumulated absence by £37k. A further factor in the reduction in Q4 performance is a backdated turnover adjustment in respect of service changes at Ubico and Cheltenham Trust.

Notwithstanding these factors, financial performance for the year is positive overall with spending falling below contract budget after taking budgeted savings into account.

	2019/20 Q4 Budget £000s	2019/20 Q4 Actual / Accrued £000s	2019/20 Variance (+) / - £000s
Sales			
Contract Income	25,995	25,995	0
Direct Costs:			
Salaries (inc oncosts)	(21,652)	(20,676)	(976)
Agency Costs	(21)	(168)	147
Contractor Costs	(70)	(204)	134
Employee Transport & Travel	(212)	(307)	95
Other Staff costs	(538)	(579)	41
Gross Surplus	3,502	4,061	(559)
Administration Expenses	(2,190)	(2,427)	237
Other Operating Expenses	(57)	(34)	(23)
Operating Surplus	1,255	1,600	(345)
Net Interest (Payable)/ Receivable	(1)	16	(17)
Surplus before Tax	1,254	1,616	(362)
Tax	0	0	0
Contract Fee Refund	(1,238)	(1,238)	0
Retained Surplus	(16)	(16)	0
Additional Surplus to distribute	0	362	(362)

Events since the Balance Sheet date

There were no events of significance after the balance sheet date

Director's Reports

Future Developments and Financial Risk

The refreshed two year Publica Business Plan sets out an amendment to our future approach as we move to become more closely aligned with the plans of member Councils who see us as an intrinsic part of their approach to delivering their ambitious agendas for their 'place'.

The new plan focuses on delivering their key priorities whilst also continuing to modernise the core activities provided on behalf of the councils. The plan is built around four key objectives:-

- Support our member councils to deliver their ambitions
- Get commissioning right
- Be a great service provider
- Be a great place to work

To deliver this agenda we have identified fourteen strategic actions that underpin these key objectives and have set specific and measurable milestones associated with these. The board is focused on delivery against these strategic objectives.

The financial risks to Publica remain intrinsically linked to those of our member Councils as is the nature of all 'Teckal' companies. Each Council is reviewing their budget and medium term financial strategies in light of the impact of Coronavirus and all appear to have sound strategies to support their ongoing service delivery arrangements.

To date Publica has managed to exceed underlying savings targets set out in the business case and also deliver significant additional one-off savings for the member Councils. The key financial risk to Publica would occur if the member Councils sought to increase the savings targets beyond those currently established for the company. Currently there is no evidence to support any change in approach and any discussions would need to be framed around service reductions should any such approach be made.

Our Approach to Employees

As part of our key objective of being a 'great place to work' we have identified four strategic actions to deliver this outcome which in summary terms are:-

- Supporting the Health, Wellbeing and Safety of our employees;
- Implementing a modern pay framework with trade union support;
- Implementing a leadership development programme across all levels;
- Using the Investors in People framework to embed continuous improvement in our employment practices

We continue to support the member Councils previous approach to support the disabled workforce by being positive in this regard and we are a 'Disability Confident Employer'. This is further supported by our approach to agile working which supports a varied and flexible approach to both workplace and workday.

As part of our workforce relations we recognise two trade unions, GMB and Unison and continue to have a very positive and constructive relationship with them both.

The average number of employees during the year was 650 (2018/19 : 641).

Corporate Governance Reports

Directors Responsibilities Statement

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.

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.

Corporate Governance Reports

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 & Modernisation.

Whistleblowing

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

Auditors

A resolution to reappoint Grant Thornton UK LLP as auditors of the company was approved on 28 September 2020.

This report was approved by the board on 28 September 2020 and signed on its behalf.

Frank Wilson

Frank Wilson
Executive Director - Finance & Modernisation

Independent Auditor's Report to the Publica Group (Support) Limited Board of Directors

Opinion

We have audited the financial statements of Publica Group (Support) Limited (the 'company') for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. 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 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the 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.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.

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.

Independent Auditor's Report to the Publica Group (Support) Limited Board of Directors

In our evaluation of the directors' conclusions, we considered the risks associated with the company's business, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report and accounts, 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 director's reports and the corporate governance reports for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's reports and the corporate governance reports have 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 director's reports and the corporate governance reports.

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.

Independent Auditor's Report to the Publica Group (Support) Limited Board of Directors

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 8, 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. This description forms part of our auditor's report.

Use of our report

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.



Rhian Owen

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cardiff

29 September 2020

Statement of Comprehensive Income

for the year ending 31 March

All operations are continuing, and none of the Company's activities were discontinued during the reporting period.

	Note	2019/20 £	2018/19 £
Turnover	4	25,163,637	25,026,119
Cost of Sales	5	(22,080,556)	(21,939,516)
Gross Profit		3,083,081	3,086,603
Administrative expenses		(3,049,521)	(2,963,203)
Other operating expense		(33,747)	(44,477)
OPERATING PROFIT / (LOSS) - continuing operations	6	(187)	78,923
Interest receivable and similar income	17	16,570	12,597
Interest payable and similar charges	7 / 17	(259)	(246)
Profit on ordinary activities before taxation		16,124	91,274
Tax on profit on ordinary activities	9	-	-
Profit for the financial year		16,124	91,274
Total comprehensive income for the financial year		16,124	91,274

The notes on pages 17 to 30 form part of these financial statements.

Statement of Financial Position

as at 31 March

	Note	31-Mar-20 £	31-Mar-19 £
FIXED ASSETS			
Tangible fixed assets	10	14,874	34,371
Intangible assets	11	23,354	38,104
		38,228	72,475
CURRENT ASSETS			
Debtors (amounts due within one year)	12	1,175,110	437,198
Cash and cash equivalents	13	1,881,848	3,510,445
		3,056,958	3,947,643
CURRENT LIABILITIES			
Creditors (amounts due within one year)	14	(2,974,254)	(3,895,310)
Provisions	15	-	(20,000)
		(2,974,254)	(3,915,310)
Net Current Assets		82,704	32,333
NET ASSETS		120,932	104,808
CAPITAL AND RESERVES			
Retained surplus		120,932	104,808
TOTAL RESERVES		120,932	104,808

The notes on pages 17 to 30 form part of these financial statements.

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

Frank Wilson

Frank Wilson
Executive Director – Finance & Modernisation
29 September 2020

Statement of Changes in Equity

	Statement of Comprehensive Income £
Balance as at 1 April 2018	13,534
Changes in equity 2018/19	
Profit / (loss) for the year	91,274
Other comprehensive income	-
Balance as at 31 March 2019	104,808
Changes in equity 2019/20	
Profit / (loss) for the year	16,124
Other comprehensive income	-
Balance as at 31 March 2020	120,932

The notes on pages 17 to 30 form part of these financial statements.

Statement of Cashflows

	Note	2019/20 £	2018/19 £
Net cash flow from Operating Activities	<i>19</i>	(1,645,408)	45,995
Investing Activities			
Interest received	<i>17</i>	16,570	12,597
Purchase of tangible and intangible fixed assets	<i>10</i>	-	(18,591)
Disposal of tangible fixed assets		500	1,465
Net cash flow from Investing Activities		17,070	(4,529)
Financing Activities			
Interest paid	<i>7 / 17</i>	(259)	(246)
Net cash flow from Financing Activities		(259)	(246)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS		(1,628,597)	41,220
Cash and Cash Equivalents at 1 April		3,510,445	3,469,225
Cash and Cash Equivalents at 31 March		1,881,848	3,510,445

The notes on pages 17 to 30 form part of these financial statements.

Notes to the Financial Statements

1. Legal Status

The Company is registered in the United Kingdom under the Companies Act 2006, and was incorporated on 24th January 2017. The accounting period covers the 12-month accounting period, from 1 April 2019 to 31 March 2020.

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 and the Director's believe this to be the appropriate treatment. Publica's 'going concern' is intrinsically linked to that of our member Councils who continue to support the company via the member agreements in place and have supplied letters of ongoing support to the Directors. All the member Councils medium term financial plans are being reviewed and they have all benefitted significantly from government support for lost income they have experienced and increased costs during the pandemic.

During the pandemic Publica has not furloughed any employees as the demand for our services from Councils has actually increased across a number of service areas. Our performance in quarter 1 of 2020/21 continues to beat budget forecast and we continue to exceed the business case targets set for Publica prior to its establishment.

We are currently planning for the impact of any second wave of the pandemic and we forecast that the impact of this will be to increase the demands placed on Publica by member Councils who will continue to fund this through government supported spending.

Further details of the impact of the pandemic on our business are set out in the Strategic Report under "Principal Risks and Uncertainties".

On the basis of the above, the ongoing cash positive position of the company and letters of support from member Councils including approval of the Business Plan, Publica is confident that it is well placed to remain a going concern throughout the remainder of 2020/21 and indeed 2021/22.

Turnover

Turnover comprises income from member contributions receivable in the year.

Turnover is recognised as contract activity progresses, and as the right to consideration is earned. The fair value of the income receivable reflects the amount expected to be recovered from clients.

Notes to the Financial Statements

2. Accounting Policies - continued

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

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

Financial Instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, and loans from banks and other third parties.

Debt instruments (other than those wholly repayable or receivable with one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Notes to the Financial Statements

2. Accounting Policies - continued

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

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.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 24 January 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

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.

Amortisation and 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 Other Equipment	20% straight line (5-years)

At the point Publica 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 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.

Leasing

Lease payments made under operating lease arrangements are charged to the Profit & Loss account as an expense to the service benefitting from the use of the leased asset.

Notes to the Financial Statements

2. Accounting Policies - continued

Taxation

The charge for taxation is based on the profit for the period and is measured at the amounts expected to be paid based on the tax rates and laws substantively enacted at the balance sheet date. Current and deferred tax is recognised in the Statement of Comprehensive Income.

Publica 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.

Pension Schemes

The Company participates in separate pension schemes; a contributory pension scheme for transferred 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 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 and scheme assets and liabilities are all included on the partner Council's balance sheets and are not accounted for as part of these accounts.

The Company also offers a Stakeholder pension for new employees employed by Publica post 1 November 2017. The scheme is administered by Royal London. Employee contributions are matched by employer's contributions (at 5%) although employees can increase their contributions upon request.

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.

Notes to the Financial Statements

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 and amortisation**

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

- **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

	2019/20	2018/19
	£	£
Principal activity		
Cheltenham Borough Council	1,374,041	1,313,810
Forest of Dean District Council	5,782,695	5,983,714
West Oxfordshire District Council	9,276,232	9,069,386
Cotswold District Council	8,729,769	8,656,663
	25,162,737	25,023,573
Third party work	900	2,546
	25,163,637	25,026,119

All turnover is generated in the United Kingdom.

Notes to the Financial Statements

5. Analysis of Cost of Sales

	2019/20	2018/19
	£	£
Salaries and employment on-costs	(20,847,101)	(20,337,408)
Other employment costs	(915,039)	(1,300,776)
Transport costs	(312,032)	(293,271)
Equipment and Materials	(6,384)	(8,061)
	(22,080,556)	(21,939,516)

6. Operating Profit / (Loss)

Operating profit / (loss) is stated after charging the following:

	2019/20	2018/19
	£	£
Depreciation & amortisation of tangible/intangible assets	(34,247)	(44,312)
External Audit fees	(20,959)	(18,000)

7. Interest Payable

Interest payable and similar costs comprise of bank service charges.

8. Employees and Directors Remuneration

Salaries and employment on-costs, including directors' remuneration during the year were as follows:

	2019/20	2018/19
	£	£
Staff salaries and allowances	(17,045,037)	(16,425,473)
Employer's NI contributions	(1,579,270)	(1,536,687)
Employer's superannuation contributions	(2,222,794)	(2,375,248)
	(20,847,101)	(20,337,408)

Notes to the Financial Statements

8. Employees and Directors Remuneration - continued

Remuneration in respect of Publica's directors was as follows:

	2019/20	2018/19
	£	£
Emoluments	(518,541)	(469,824)
Employer's superannuation contributions	(54,183)	(55,945)
	(572,724)	(525,769)

The above figures include payments for both the retiring and incoming Managing Director during a 3-month transition period between October and December 2019. Amounts in respect of the highest paid director are as follows:

	2019/20	2018/19
	£	£
Emoluments	(124,964)	(125,062)
Employer's superannuation contributions	(17,496)	(16,286)
	(142,460)	(141,348)

One director has benefits accruing under the Royal London Stakeholder Pension scheme (see Note 20).

Board members allowances and expenses for the accounting period were as follows:

	2019/20	2018/19
	£	£
Non-Executive Director Allowances	(31,500)	(23,500)
Board Member Expenses	(3,093)	(588)
	(34,593)	(24,088)

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

	2019/20	2018/19
	£	£
Average number of staff employed	650	641

Notes to the Financial Statements

9. Taxation

Tax on profit on Ordinary Activities

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

A small amount of trade activity during the year was outside of the mutual trade group. The cost of this activity outweighed the income received and therefore there is no corporation tax liability for this element of trading.

10. Tangible Fixed Assets

Publica Group (Support) Limited has no land or property assets. All fixed assets shown below are motor vehicles.

	2019/20	2018/19
	£	£
Cost or valuation		
Balance at 1 April	72,692	59,124
Additions	-	18,591
Disposals	-	(5,023)
Balance at 31 March	72,692	72,692
Depreciation		
Balance at 1 April	(38,321)	(12,317)
Charge for the period	(19,497)	(29,562)
Eliminated on disposal	-	3,558
Balance at 31 March	(57,818)	(38,321)
Net Book Value 31 March	14,874	34,371

Notes to the Financial Statements

11. Intangible Assets

All of the values below represent the cost of ICT software. Publica Group (Support) Limited has no other intangible assets such as goodwill or trademarks.

	2019/20	2018/19
	£	£
Cost or valuation		
Balance at 1 April	59,000	59,000
Additions	-	-
Disposals	-	-
Balance at 31 March	59,000	59,000
Amortisation		
Balance at 1 April	(20,896)	(6,146)
Charge for the period	(14,750)	(14,750)
Eliminated on disposal	-	-
Balance at 31 March	(35,646)	(20,896)
Net Book Value 31 March	23,354	38,104

The remaining useful life of the intangible assets is 19 months.

12. Debtors – amounts due within one year

	2019/20	2018/19
	£	£
Balances due from Member Councils	1,107,238	250,528
Prepayments	56,590	168,135
Other debtors	11,282	18,535
Total	1,175,110	437,198

Notes to the Financial Statements

13. Cash and Cash Equivalents

	2019/20	2018/19
	£	£
Bank current accounts	(68,152)	130,445
Business call account	1,950,000	3,380,000
	1,881,848	3,510,445

14. Creditors – amounts due within one year

	2019/20	2018/19
	£	£
Amounts due to Member Councils		
Cheltenham Borough Council	(164,723)	(177,628)
Forest of Dean District Council	(493,998)	(524,140)
West Oxfordshire District Council	(497,170)	(768,441)
Cotswold District Council	(531,437)	(650,375)
	(1,687,328)	(2,120,584)
Trade creditors	(61,464)	(614,799)
Taxation	(698,335)	(849,522)
Accumulated Absences	(323,548)	(286,861)
Other creditors	(203,579)	(23,544)
	(2,974,254)	(3,895,310)

15. Provisions

The Company established a provision in 2017/18 for staff restructuring costs. This provision has now been fully utilised and the residual balance written back to the Statement of Comprehensive Income.

Notes to the Financial Statements

16. Related Party Transactions

Services provided by Publica Group (Support) Limited

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, operating with Mutual Trading Status to deliver the services to the Member Councils and to other Members under contracts similar to this Agreement.

During the period the Company supplied services to its partner the Councils totalling £25,162,737.

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) via the Council contracts.

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) Limited from the partner Councils

The following services are provided to Publica (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 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.

Notes to the Financial Statements

17. Financial Instruments

The following categories of financial instrument are recognised in the Statement of Financial Position:

	2019/20	2018/19
	£	£
Financial Assets at Amortised Cost		
Cash and cash equivalents	1,881,848	3,510,445
Debtors	1,175,110	437,198
Total Financial Assets	3,056,958	3,947,643
Financial Liabilities at Amortised Cost		
Creditors	(2,974,254)	(3,895,310)
Total Financial Liabilities	(2,974,254)	(3,895,310)

All instruments are current and as such the carrying values are deemed a reasonable approximation of fair value.

The items of income, expense, gains and losses recognised in the Statement of Comprehensive Income in relation to financial instruments consist of the following:

	2019/20	2018/19
	£	£
Financial Assets at Amortised Cost		
Interest receivable and similar income	16,570	12,597
Interest payable and similar charges	(259)	(246)
Net gains / (losses) for the year	16,311	12,351

Notes to the Financial Statements

18. Licences

Publica Group (Support) Limited makes use of office facilities and ICT equipment from its Member Councils under licence. The licences are for 5 or 10 year periods commencing 1 November 2017. The future operating licence obligations are as follows:

	2019/20	2018/19
	£	£
Not later than one year	812,064	797,235
Later than one year but not greater than five years	3,122,337	3,117,357
Later than five years	1,963,229	2,675,695
	5,897,630	6,590,287

19. Reconciliation of Net Movement in Funds to Net Cash flow from Operating Activities

	2019/20	2018/19
	£	£
Net movement in funds	16,124	91,274
Reversal of interest receivable / payable	(16,311)	(12,351)
Reversal of asset depreciation and amortisation	34,247	44,312
Reversal of proceeds from disposal of fixed assets	(500)	-
Decrease / (increase) in debtors	205,761	(28,772)
(Decrease) / increase in creditors	(1,864,729)	56,532
(Decrease) / increase in provisions	(20,000)	(105,000)
Net cash flow from Operating Activities	(1,645,408)	45,995

Notes to the Financial Statements

20. Pension Schemes

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 Member Councils. The admission agreements mean that the 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 offers a Stakeholder pension for employees employed post 1st November 2017. 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.

Total contributions payable by the Company for the year amounted to £126,473 (2018/19 : £56,671). Contributions totalling £12,728 (2018/19 : £nil) were payable to the scheme at the balance sheet date and are included in creditors.