

THE LEADERSHIP CENTRE FOR LOCAL GOVERNMENT

(A company limited by guarantee)

REPORT OF THE TRUSTEES and FINANCIAL STATEMENTS

for the year ended 31 March 2017

Company Registration Number 05467557
Charity Number 1123234

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**The Leadership Centre for Local Government
Year ended 31st March 2017**

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REPORT AND FINANCIAL STATEMENTS 2017

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LEGAL AND ADMINISTRATIVE DETAILS

<u>Registered Name</u>	The Leadership Centre for Local Government
<u>Charity number:</u>	1123234
<u>Company number:</u>	05467557
<u>Registered office:</u>	Local Government House, Smith Square, London SW1P 3HZ
<u>Statutory Auditors:</u>	PKF Littlejohn LLP, 1 Westferry Circus, Canary Wharf, London E14 4HD
<u>Bankers:</u>	Barclays, UK Banking, 1 Churchill Place, London, E14 5HP
<u>Solicitors:</u>	Bates Wells & Braithwaite London LLP 2-6 Cannon Street, London, EC4M 6YH

Directors and Trustees

The Directors of the charitable company (the charity) are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees serving during the year and up to the date of approval of the financial statements were:

		Attendance – possible 4 Board Meetings
H Bailey		3
D Baxendale		1
K Ryley		2
Lord P R C Smith (Chair)		4
Cllr R C Stay		3
J Sobieraj		2
David Lloyd	Appointed December 2016	1
Cllr Keith House	Appointed December 2016	2
Lord Kerslake	Resigned November 2016	-
Tamara Finklestein	Visitor and awaiting formal appointment	1

Chief Executive
Secretary and Chief Operating Officer

Joe Simpson
John Jarvis

REPORT OF THE TRUSTEES

The Trustees present their report and audited financial statements of The Leadership Centre for Local Government ("the Leadership Centre") for the period from 1 April 2016 to 31 March 2017. The Trustees have adopted the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" ("FRS 102 SORP") in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011, The Companies Act 2006, Accounting Standards and the FRS102 SORP.

Structure, Governance and Management

Governing document

The Leadership Centre was established to help local government in England improve its political and managerial leadership. Its principal source of funding at the time was the Department of Communities and Local Government (CLG) - as part of the Capacity Building Fund. The Centre was originally set up as a limited company and became a registered charity on 1st April 2008.

The Leadership Centre for Local Government is a company limited by guarantee governed by its Memorandum and Articles of Association dated of 13 June 2005, amended on 3 September 2007, 5 March 2008, 20 May 2009 and 12 February 2014 to improve its governance arrangements.

Appointment of Trustees

As set out in the Articles and Memorandum of Association, new Trustees are nominated and appointed by the existing Trustees. There is no formally constituted nomination committee and nomination matters are reported and taken at ordinary meetings. The Board of Trustees will invite suitable candidates as well as advertise to find suitable Trustees that can bring in a full range of expertise to the Board.

Trustee induction and training

New Trustees have a one to one meeting with the Chair and receive a full information pack comprising the Memorandum and Articles of Association, the Charity Commission guidelines for Trustees, agendas, papers and minutes of the last year's board meetings, a blank register of interests form and the list of dates for future meetings.

Organisation

The Board of Trustees is responsible for the strategic direction of the Leadership Centre and is concerned with ensuring sound stewardship of the organisation, including overseeing its financial and business performance and agreeing related policies. The Board met four times in the year. The role of the Chair is paid, as set up in the Memorandum and Articles of Association and approved by the Charities Commission. There is no formally constituted audit committee and audit matters are reported and taken at ordinary meetings of the Board.

The Chair works closely with the Leadership Centre's Chief Executive and the Company Secretary and they have delegated authority from the Trustees to manage all the day to day running of the charity and delivery of its objectives in accordance with the agreed business plan and budget, including operational management of the Centre, finance and employment matters.

Related parties

Trustees and senior officers verbally declare any potential conflict of interest at the beginning of each Board meeting. In addition a register of interests is completed by Trustees and senior officers every year. Details of any transactions with related parties are fully disclosed in the Annual Report and Accounts in compliance with the charities regulatory framework.

Public benefit statement

The Leadership Centre confirms that the Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

How our activities deliver public benefit

The main objectives of the charity, as set out in the Memorandum and Articles, are described below. All of our activities focus on these objectives and are undertaken to further our charitable purposes for the public benefit:

1. The advancement of education for the public benefit, in particular (without prejudice to the generality) by promoting, improving and developing leadership amongst public servants and, in particular, local authority employees and councillors.
2. To promote for the public benefit the efficient public administration of government and public services by the provision of education and training in the organisation and practice of the administration of government and the development of leadership skills for public servants, in particular local authority employees and councillors.

'Great Leaders, Great Places'

Business review

This is an account of the fourth year of activity following the strategic review undertaken by Trustees. That review proposed that the Leadership Centre adopt a profile working across local public services, rather than purely with local government. The first manifestation of that change was a widening of the base of background of the Trustees, with new Trustees bringing experience of work in Whitehall, the NHS and Police as well as local government.

The second manifestation was the successful establishment and delivery of the new Future Vision programme, a cross public service leadership programme.

Beyond this, the Leadership Centre has heavily engaged with various partners including the Systems Leadership Alliance, where it's played a key coordination and delivery role for the activities of the group. The programmes undertaken are listed below. This cross sector engagement has strengthened existing and facilitated new relationships and provided opportunities to demonstrate the value we add.

The combination of these developments has seen the continuation of the transformation in the scale of activities undertaken by the Leadership Centre, as mirrored in the transformation in the scale of income and expenditure of the Leadership Centre. Whilst expanding our activity we have still maintained reasonable reserves and despite continuing financial pressures we anticipate a similar level of activity in 2017/18.

However, we remain conscious that the charity is dependent on attracting specific income (be it grants, contracts or financial support from the private sector) to cover its activities. The charity is not in receipt of general grant, nor has it the ability to undertake general charitable fundraising. We have therefore continued to keep core staffing to the minimum, whilst engaging with specialists to help in the delivery of specific programmes. We now have a well-developed network of individuals, who provide the bulk of the contracted people resource to deliver our programmes, whilst also having the central administrative capacity to support

those programmes. This model gives us both quality control (through the contracting arrangements we expect our facilitators/enablers to partake in shared learning experiences) and the ability to expand/contract our commitments according to the resource available.

Why we do what we do...

We are leading edge public service devotees who work with and support senior leaders working in complex environments. Leadership is all we do. We nurture new ways of thinking, behaving and being to make change possible in these exceptional and uncertain times, where traditional approaches no longer work. We are the go-to people for multifaceted, multi-organisational, place-based problems where there's no blueprint and no obvious way forward.

We are about creating big and sustainable movements of change in public services for the benefit of citizens. The sort of seismic shifts in cultures, behaviours and ways of thinking and working that will bring about a different set of results: transforming complex services to meet the challenges of the contemporary world and its citizens where traditional approaches have come unstuck. We are public service devotees, the sector's very best critical friend, and we've made it our mission to make lasting change happen for citizens and society.

Achievements, activity and performance in 2016/17

In early 2016 the Leadership Centre surveyed people we have worked with in the past 3 years. Respondents scored the Centre an average of 9.35 out of 10 highlighting the quality of our advisors/enablers and, the knowledge and professionalism of the Leadership Centre staff as well as:

- The quality of enablers and contributors
- Our ability and propensity to challenge current thinking
- The quality of resources and tools we provide
- Our ability to understand and work with current national and local contexts.

Nice things people said about us:

"I must say, we have really valued our work with The Leadership Centre, it's such a pleasure to work with you all."

"The SL work has been a massive platform for me, enabling me to do this. I just want to thank all of you massively for your advice, guidance and support."

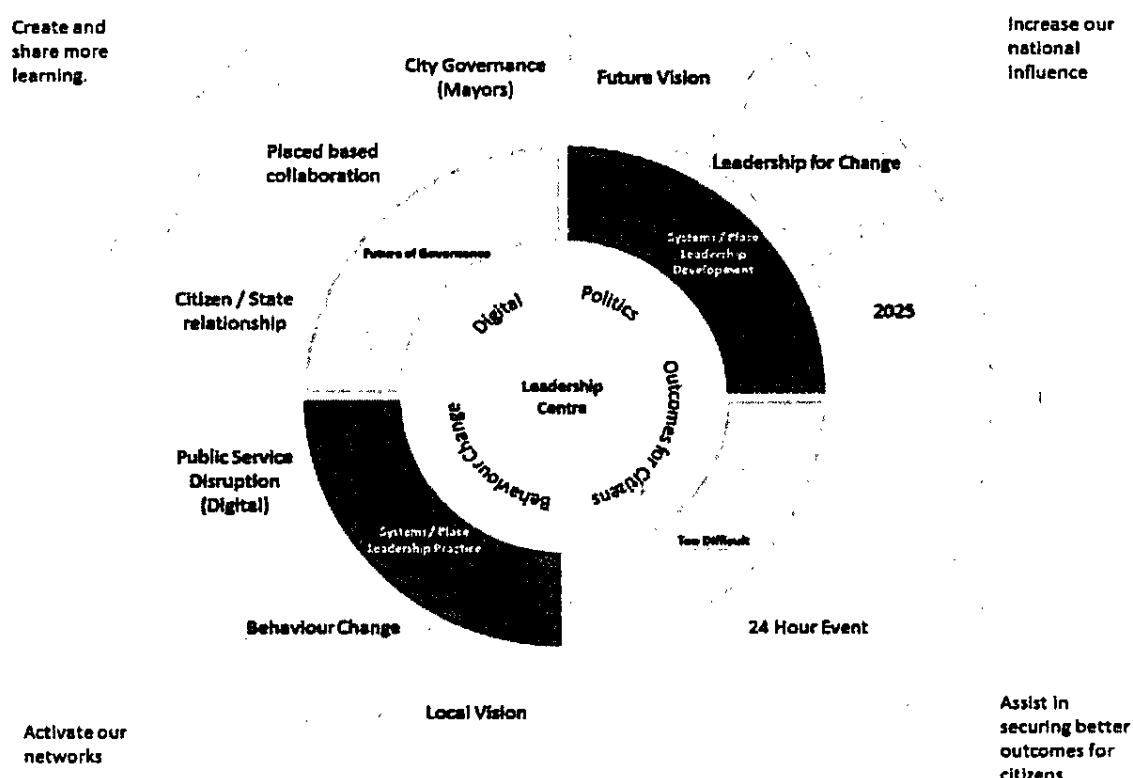
"My experience of the programme was extremely positive from beginning to end. The range of tools used to gather leadership insights and gain 'a leadership edge' were provocative and impressive."

"This course gave me great exposure to how the health and care system works in England and abroad. You have to be brave enough to share power, both with your peers and with people on the ground who will be the ones to make a huge difference to our system – just so long as we get out of their way and focus on facilitating their success."

"The Leadership Centre understood exactly what we wanted from a leadership programme: something organic and cooperative around authentic leadership, systems thinking, framing, narrative, and taking people with you. It was a natural fit."

"Tremendous group of people, system leadership at its core and time to reflect on how I (and we) take health and care services into a new space over the next 5-10 years. Couldn't recommend it highly enough!"

During 2016/17 we have built upon these insights to continually improve on delivering the Charity's objectives through two main axis of activity.



2016/17 Leadership Centre strategy diagram.

Axis 1: Systems / Place Leadership – Development & Practice

Future Vision

Future Vision is a flagship national leadership development programme for senior figures from across the public sector who are operating in an increasingly interdependent world. Future Vision has been developed using our experience and success of delivering political and managerial leadership development programmes for local government combined with input from our private sector partners. The year-long inaugural Future Vision programme started in 2013, with a clear and uncompromising objective of enabling system change through leadership development.

Future Vision is designed for senior figures from across the UK public services, such as:

- Chief executives of local authorities, health bodies, or chief constables
- Senior figures in national and devolved government
- Elected politicians; council leaders and police and crime commissioners
- Senior figures in the private, voluntary and third sectors.

The intensive programme is run over two residential blocks and a series of one day events, and offers participants: exposure to some of the best UK and international thinking on leadership; the opportunity to explore together the major issues of the day as well as pertinent scenarios of the future; and the space and expertise to work collectively on the real challenges facing our communities and the public sector as a whole.

The participants of the four cohorts have rated the experience extremely highly, creating positive lasting relationships, and they have been keen to extend their work beyond the stated

programme, which is self-funded. For example, undertaking a peer review focussed on particular challenges in a participant's organisation or place.

The fourth cohort started in February 2016 concluding in February 2017. Cohort five starts in May 2017.

2025 Leaders programme

2016 saw us launch a brand new leadership development programme for the next generation of very senior leaders, who, by 2020, will be the new senior leadership across our health and social care system.

Just as today's senior leaders are charged with the creation and implementation of the Five Year Forward View, the Chief Executives and DGs of 2020 will be charged with the creation and implementation of the roadmap to 2025 in the context of an increasingly complex set of demands and dynamics.

By 2020, we may have resolved some of the structural and financial issues that face us today, but new issues will no doubt have emerged from the changing demographics and political pressures already on the horizon - mass migration, progress in AI and robotics, a changing global financial scene.

To solve the 'wicked problems' faced by the sector, leaders are increasingly being asked to work at the system rather than the organisational level, tackling situations and issues that are irreducibly complex rather than just technically complicated.

The 2025 Leaders Programme is designed to equip participants with the leadership capacities and capabilities to meet this challenge.

Leadership for Change

The Leadership Centre, in collaboration with other national leadership organisations, designed a pan-public sector leadership development programme for senior or aspiring leaders across the public sector. The framework is based in research of the behaviours needed to succeed when working across multiple sectors. In 2015/16 the third cohort of place teams was selected and embarked on their leadership development journey. In 2017, based on participant feedback and the emerging context in which public services are operating, the programme was refocussed towards teams working on Sustainability and Transformation Plans.

Local Vision & Learning network

The Leadership Centre lent its programme name, value and expertise to a collaboration of a number of national partners (Association of Directors of Public Health, Department of Health, Leadership Centre, Local Government Association, NHS England, NHS Improving Quality, NHS Leadership Academy, Public Health England, Social Care Institute for Excellence, The National Skills Academy for Social Care, Skills for Care, Think Local Act Personal, Virtual Staff College) to launch a national programme of leadership development based on a theory of Systems Leadership.

Systems Leadership goes beyond collaborative leadership because it requires more than hierarchical authority whilst working with peers and partners – its power rests in behaviours, trust and relationships. Systems Leadership allows those involved to experiment and to work with uncertainty, supporting partial, emergent and clumsy solutions that transcend individual organisational interests for the collective impact and benefit for all.

With applications sought through the still emergent fulcrum of local governance, the Health and Wellbeing Board, the collaborative has supported over 50 localities through to the end of 2016/17 helping them to address complex issues not easily solvable by one organisation or person, through leadership development in place.

In summer 2014 we published "The Revolution will be Improvised" a report based on the work undertaken.

In 2015 we published a follow up report, "The Revolution will be improvised II".

In collaboration with the Systems Leadership Steering Group we commissioned an independent evaluation of the work by the University of the West of England.

"There is no doubt that Local Vision has enabled some significant shift in mindset and resulting behaviours for some, which has led to new, more inclusive ways of working within the community."

"...with realisation among many of the potential for collective leadership as part of a wider system and accompanying intent for new ways of working...working in non-hierarchical ways, building links and partnerships across organisations."

"Local Vision has produced benefits and value for a diversity of stakeholders, such as influencing strategy, generating income and opportunities...and improving services and client outcomes."

Interim and Final Evaluations of the first place-based programmes for Systems Leadership – Local Vision, University of the West of England, June/Oct 2015.

In 2016 we relaunched the Systems Leadership website – www.leadershipcentre.org.uk/systemsleadership sharing learning and insight from the programme.

January 2017 marked the end of the latest round of the Local Vision Learning Network, which has seen Local Vision places from across the country come together to share learning, stories and hear about the latest systems leadership practice from the Leadership Centre and a range of other speakers, as well as explore their own place-based based work.

Health and Social Care Integration and New Models of Care Vanguard

In collaboration with the systems Leadership Steering Group, and utilising our experience of bespoke tailored on the ground support, the Leadership Centre has supported various national initiatives which aim to improve services for citizens through new ways of working, designing and organising services.

The support has been highly praised by those involved, where interventions ranging from individual and team coaching, whole systems events and masterclasses have brought new insight and action options to the challenges they face.

Behaviour change

During 2016/17 we ran a number of experiments to focus explicitly on systems leadership and its relationship to and capacity in creating behaviour change - explored through a number of place based experiments with focus on population health.

Working with Health and Wellbeing Boards and others senior leaders from wide ranging organisations whilst also working with 'the energy' in the community the two key enquiries explored how we might a) empower our communities to take responsibility for their health and b) how to create more active communities where regular exercise is considered a way of life. Both present opportunities for a radical shift in attitudes and behaviours of both public service providers and citizens.

Public Service Disruption

The Leadership Centre is providing support for a 'Digital Pioneers' programme in one area of the country where they are exploring innovative approaches to using digital approaches to create positive impact on people's health and wellbeing.

Additionally the Leadership Centre has reached out and contributed to hundreds of events, workshops, masterclasses and online fora to share the positively disruptive power & nature of the approaches we use.

Accident & Emergency

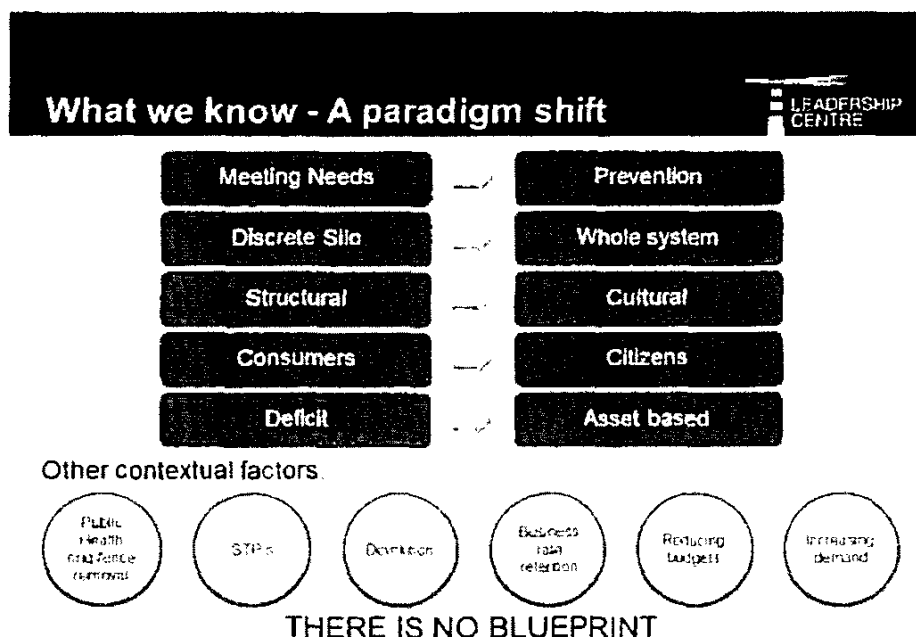
In 2016/17 we were asked to provide a programme of learning and skills development to a number of A&E Delivery Boards across the country to further enable each Board as a whole to operate more effectively and efficiently within their local footprint.

The work has, as you would expect from our tailored, bespoke approach, taken slightly different forms in each area depending on the local challenges and context. However, broadly speaking there are three strands: *working directly with the A&E delivery board*; *action and development around a real issue of importance for patients and citizens in the area*; and *woven throughout a learning stream*.

We've been very pleased with the reception and positive progress achieved in each area so far. Once the nature of the support has been explained, people have been very enthusiastic and keen to take up the offer. The Leadership Centre has purposefully tried to dovetail with, and work alongside, other support offers to ensure maximum impact.

Axis 2: Future of Governance / Too Difficult

Each generation faces leadership challenges, though those challenges will vary over time. This is explored through the perspective of the future of governance and the too difficult box. The future of governance has been where much of our work with elected politicians has focused. Whilst the too difficult box has been where we have tried to create the space for discussion about those governance issues which are difficult to broach.



Initiatives and contextual factors such as sustainability and transformation plans (STP's), health and social care integration, in the context of the Five year forward view, local government devolution, reduced and continuing reduction in public finance, increased demand, and further uncertainty around public health ring-fence removal and business rates retention in local government, to name a few, create challenges beyond the reach of existing institutions and organisational structures.

Multi-organisational & Place Based

The Leadership Centre was created to be deeply aware of the contexts in which our public service leaders operate. Public service leaders are increasingly open to new methods of working, and new collaborations. Maintaining this immersion makes us the go to people to nurture new ways of thinking, behaving and being to make change possible in these exceptional and uncertain times.

During 2016/17 we have worked with a number of localities on bespoke commissions exploring:

- Designing a whole-systems approach to patient discharge.
- In an ideal world (and within resources available) what would the system for people with complex needs look like from the perspective of 'system users', and how would we know?
- Building social movements for creating change around issues of importance.
- Developing an improved culture of collaboration and leadership to transform how the organisation will work in the future given the changing context of public service delivery and funding.
- The new perspectives and nature of relationships required in a large geographic area to deliver a Sustainability and Transformation plan.

Key Outputs and Outcomes in 2016/17

The Leadership Centre is on the road to becoming established as the go to place for tough multi-organisational, multi-factor issues.

Create and Share more learning:

In 2016/17 we created:

- Two new publications, digital disruption and commercialisation,
- A new website with case studies and thinking,
- A digital version of the Art of change making,
- Local Vision learning network.

Increase national influence:

We continue to collaborate and take part in a number of fora, and convene our own. Systems Leadership terminology and understanding is becoming mainstream.

Assist in securing better outcomes for citizens:

Our work across the country has had direct impact on people's lives. From Plymouth to South Tyneside, by further developing leadership capability services to the public are improving.

Activate network:

We re-launched the Leadership Centre alumni event, absent since 2009, as a space for senior leaders to come together and consider the big leadership challenges and commit to collaboratively working on a number of them.

Challenges faced in 2016/17

Ability to Raise Funds

The Leadership Centre has some reserves, but to finance activity on the scale now being undertaken we have to secure the commitment of others to work in collaboration with us. The model we have adopted is one of seeking co-produced solutions in collaboration with others, so those approaches and solutions are co-owned.

Collaboration is tough

An ambitious collaboration between the Centre and the University of the West of England was established, building on a strong relationship, to create a platform for further joint working including a national 'Festival of Leadership'. Whilst a significant amount of commitment and good-will was forged with festival collaborators it has been postponed. There is however considerable learning from this adventure, as well as new contacts and relationships which are already paying dividends in other areas of our work including a new 'leadership challenge' programme in Bristol.

Delivery Capacity

From the outset the Leadership Centre adopted a particular approach to staffing. We did not seek to establish a large in house permanent staff. We believed that such an approach would be both inflexible and costly. Neither did we opt for a pure commissioning model (with its reliance often on large suppliers). Instead we aimed to create a pool of individuals, with whom we would work on a regular basis, but always offering local places choice so places had a stake in the decision. By using the pool we were also able to get some quality control, but also capture shared learning (otherwise the communal learning would be lost). A key challenge for 2016/17 was to expand the pool of enablers. The experience of projects to date is that there is a limited pool from which to draw, but we have expanded the resource slightly.

Creating sustained and sustainable change

One of the challenges faced by public services and the work undertaken by the Leadership Centre is the matter of ensuring that any learning and progress made is sustainable and creates public value. To ensure this vital part of the legacy of our programmes is achieved, reflection, evaluation and learning opportunities are embedded from the outset, and direct connections across public service organisation and leaders, politicians and officers, are designed in from the beginning.

Relocating our operation – virtually and in reality

During 2016/17 the Leadership Centre faced two considerable operational challenges; changing our internet domain name and relocating the office. Both were successfully achieved on time, within budget and with minimum negative impact internally and externally.

2017 – 2018 Priorities and Objectives:

Building on our current model whilst emphasising our strength and experience, we aim to stay *unique, focussed and impactful*.

Strategic Priorities

- **Further develop our unique composition and practice – a fusion of public services and leadership development practice, which has the potential for change greater than the individual organisations/sectors, therefore our value is in doing something no-one else can do.**

- **'Future shaping' and 'creating the weather'** - we will continue to harness our deep public service knowledge to continue straddling sectors and special levels, develop unique partnerships and create spaces for unusual solutions to emerge.
- **Build a movement through Alumni Vision** – activate our fantastically rich and diverse network to apply their skills, knowledge and practice to the big leadership challenges.
- **Maintaining our flexibility and ability** to react to changing environments and situations remains key in harnessing future opportunities.
- **Re-connect to local Governance** - the Leadership Centre understands the political / managerial interface like no other.
- **Consolidate current delivery** – by ensuring that:
 - the value and impact of each project and programme is surfaced and shared
 - our messages are reaching our target audiences
 - the quality of our delivery remains high
 - we are constantly innovating and pushing the boundaries of leadership development
 - there is a sustainable way of funding the Centre and its core programmes.

Organisational Priorities

- Prepare for pension auto-enrolment 2017 – finalise plan and implement across the organisation.
- Improve processes for managing projects, programmes and surfacing learning.
- Relocate our operation – we will move the operation away from the current location. Finding a site with the required space, connections, and cost will be of utmost importance.

Brand Priorities

- Continue to grow the Leadership Centre's prompted and unprompted brand awareness across public services
- Partnerships: Work with people, groups and organisations that contribute to our reach, impact and accelerate learning.
- Annual Campaign: Develop an annual campaign based around Alumni Vision that is engaging, changes behaviour and makes a real difference. A creative idea that translates across all the Leadership Centre's touch-points, from web, face-to-face events and programmes.
- Social Media: Grow our platforms, identify and work with partners and influencers, produce more valuable content, create a distinct identity.

Income Priorities

Our reserves give us some buffer to negotiate our way through changes in priorities or availability of finance and changing economic circumstances. However, we will not be complacent, and will continue to:

- Seek to expand existing programmes where there is clear public value in doing so;
- Foster further collaborations with key partners;
- Respond to and develop bespoke place commissions; and
- Build coalitions of the willing around leadership challenges of importance.

Challenges in 2017/18

1. Relocating the operation – moving the office in early autumn.
2. Ever great collaboration - The Leadership Centre has always sought collaborations. With public funding getting ever tighter collaborative and co-produced support, interventions and knowledge creation has never been more important in achieving greater impact and influence.
3. Internal delivery capacity - we know that the delivery of our mission relies on our talented and motivated people and we want to maintain the excellent levels of impact and satisfaction of our work. The challenge will be maintaining a balance between maximising impact, growing revenue, minimising expenditure and finding top talent to keep things moving.

Principal risks and uncertainties

The Leadership Centre has reviewed its arrangements for risk management with clear responsibilities assigned to named senior officers for the management of the principal risks.

The Trustees consider these risks are being effectively mitigated.

Reserves

During 2016/17 the Leadership Centre has continued to utilise its reserves to support its charitable activities and reduce the overall holding. The Leadership Centre has taken a very conservative approach to allocating funding in 2017/18, with regards to grants funding, as much activity crossed financial year ends. Once these projects are complete and where appropriate any remaining balance will be transferred to Leadership Centre reserves.

The Leadership Centre is no longer reliant on direct general subsidy. Instead each initiative needs to secure specific funding. We have managed to attract some private sector support, as well as significant specific funding from public sources.

The reserve policy requires the retention of adequate funds to support a full year of operating of the Leadership Centre and, taking account of current costs, the retention should be in the order of £500,000 to cover a year of staff costs and accommodation, including facilities and IT. The policy is reviewed regularly, is considered adequate at the present time, and will be looked at again, in the light of the possible future office moves in Autumn 2017.

Environment

The LGA has agreed an environmental policy which the Leadership Centre, as a tenant, has agreed to. This includes the commitment to:

- continually reduce waste and increase our recycling rate;
- reduce paper use;
- ensure that procurement of goods and services adheres to our green purchasing and procurement policy;
- champion and mainstream consideration of environmental sustainability throughout our outward facing work programmes and services;
- comply with all applicable legislation, regulation and with other relevant requirements; and relating to our environmental impacts.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of the Leadership Centre for Local Government for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Under Company law the Trustees are required to prepare financial statements for each financial year. Under that law the Trustees have prepared 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 (FRS 102).

Under company law the Trustees 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 charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Trustees are required to:

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

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

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

Provision of information to Auditors

In so far as the Trustees are aware:

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

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

**The Leadership Centre for Local Government
Year ended 31st March 2017**

Statement of Trustees' Responsibilities

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

Auditors

A resolution for the re-appointment of PKF Littlejohn LLP as the auditors of the Leadership Centre is to be proposed at the Board Meeting.

Approved by the Board of Trustees on 21 June 2017 and signed on their behalf by

A handwritten signature in black ink, appearing to read 'Peter Smith', is written over a horizontal line.

Peter Smith

21 June 2017

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE LEADERSHIP CENTRE FOR LOCAL
GOVERNMENT**

We have audited the financial statements of The Leadership Centre for Local Government ('The Leadership Centre') for the year ended 31 March 2017 which comprise the Statement of Financial Activities, Balance Sheet, the Statement of Cash flows, and related notes. The financial reporting framework that has been applied in their preparation is 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 (FRS 102).

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

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements and the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

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



Alastair Duke
Senior Statutory Auditor
For and on behalf of PKF Littlejohn LLP

Date: 23 October 2017

PKF Littlejohn LLP
Statutory auditors
1 Westferry Circus
Canary Wharf
London
E14 4HD

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating an INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 March 2017

	Note	Unrestricted funds 2017	Restricted funds 2017	Total funds 2017	Total funds 2016
	s	£	£	£	£
Income from:					
Grants	2	40,000	100,000	140,000	619,677
Charitable Activities	2	1,128,398	-	1,128,398	485,375
Investment income	3	7,049	-	7,049	7,530
Sponsorship and conferences	2	16,448	-	16,448	44,330
Total income		1,191,895	100,000	1,291,895	1,156,912
Expenditure on:					
Charitable activities	7	1,179,600	522,306	1,701,906	1,721,857
Other Costs	9	21,417	-	21,417	20,380
Total Expenditure		1,201,017	522,306	1,723,323	1,742,237
Net (expenditure)	4	(9,122)	(422,306)	(431,428)	(585,325)
Reconciliation of Funds:					
Total funds brought forward		717,035	1,071,747	1,788,782	2,374,107
Total funds carried forward	14	707,913	649,441	1,357,354	1,788,782

There are no recognised gains or losses other than those disclosed above.

All of the above results derive from continuing activities

The notes on pages 22 to 26 form part of these financial statements.

**The Leadership Centre for Local Government
Year ended 31st March 2017**

Balance Sheet

Company Registration number 05467557

BALANCE SHEET

As at 31 March 2017

	Notes	2017 £	2016 £
Current assets			
Debtors	10	868,960	556,470
Short term Investments	3	796,564	1,529,948
Cash at bank and in hand		10,000	10,000
		<u>1,675,524</u>	<u>2,096,418</u>
Creditors: amounts falling due within one year			
Creditors falling due within one year	11	318,170	307,636
		<u>318,170</u>	<u>307,636</u>
Net current assets		1,357,354	1,788,782
Total assets less current liabilities		<u>1,357,354</u>	<u>1,788,782</u>
Funds			
Restricted Funds	14	649,441	1,071,747
Unrestricted Funds	14	707,913	717,035
		<u>1,357,354</u>	<u>1,788,782</u>

These financial statements were approved by the Trustees on 21 June 2017 and are signed and authorised for issue on their behalf by:



**Peter Smith
Trustee**

The notes on pages 22 to 26 form part of these financial statements.

Company Registration number 05467557

STATEMENT OF CASH FLOWS

As at 31 March 2017

	Note	2017 £	2016 £
Cash flow from operating activities	12	(733,384)	(829,479)
Net cash flow (used in)/provided by operating activities		<u>(733,384)</u>	<u>(829,479)</u>
Cash and cash equivalents at 1 April		1,539,948	2,369,427
Cash and cash equivalents at 31 March		<u>806,564</u>	<u>1,539,948</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		10,000	10,000
Short term deposits		796,564	1,529,948
Cash and cash equivalents at 31 March		<u>806,564</u>	<u>1,539,948</u>

The notes on pages 22 to 26 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Leadership Centre is a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, The Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

GOING CONCERN

The Trustees (who are also the directors of The Leadership Centre for Local Government ('the Centre') for purposes of company law) have prepared the accounts on a going concern basis. As described in the Report of the Trustees, during 2016/17 the Centre worked closely with the LGA and various public/private funded specified bodies. Funding has been agreed beyond 31 March 2017 and the directors are of the belief that the company will continue as a going concern.

FUNDS

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

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

INCOME POLICY

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

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

Government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income comprising only bank interest on short term deposits is recognised on a receivable basis.

RESOURCES EXPENDED

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

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

Any costs of generating funds comprise the costs associated with attracting voluntary income.

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

Grants payable to third parties are included in expenditure on charitable activities. Where unconditional grants are made, these amounts are recognised when a constructive obligation is created, typically when the recipient is notified that a grant will be made to them. Where grants are conditional on performance, then the grant is only recognised once any unfulfilled conditions are outside of the control of the charity.

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

ALLOCATION OF SUPPORT COSTS

Support costs are those that assist the work of the Centre but do not directly represent charitable activities and include office costs, governance costs, and project management costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to those activities on a consistent basis related to time spent in furtherance of the Centre's objects.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 8.

TAX

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010. It therefore meets the definition of a charitable company for UK corporation tax purposes.

2. INCOME

	2017 £	2016 £
<i>Income from donations and grants</i>		
Voluntary Income and Grants	140,000	619,677
Sponsorship and Conferences	16,448	44,330
<i>Income from charitable activities</i>		
Services recharged	<u>1,128,398</u>	<u>485,375</u>
	<u>1,284,846</u>	<u>1,149,382</u>

Voluntary income and grants mainly relate to funding from other public sector bodies. It is allocated to the main activities of the charity. Services recharged include events and conferences, publications and consultancy. £100,000 (2016 £610,793) of the above income was attributable to restricted funds and £1,184,846 (2016 £538,589) to unrestricted funds.

3. INVESTMENT INCOME

All of the investment income arises from interest bearing deposits. The Centre participates in arrangements in which surplus cash balances are deposited with borrowers on the LGA's approved list. The Centre's investments are pooled with those of other entities that have adopted the LGA Group Investment Strategy. Investments are typically for periods of up to six months and as such the loan amount is a reasonable assessment of fair value. The LGA Group Investment Strategy strictly applies credit limits for all of the financial institutions to ensure that deposits are spread across a number of its approved counterparties. No credit limits were exceeded during the year and the Centre does not expect any losses on short term investments. The difference between carrying value and fair value is immaterial.

4. AUDITORS REMUNERATION

The auditor's remuneration amounts to an audit fee of

	2017 £	2016 £
Audit fees	3,500	3,500

No non-audit fees were paid in the year to the auditor (2016 nil).

5. EMOLUMENTS

During 2016/17 total remuneration of £16,760 (2015/16; £16,760) was paid to the Chair for work done in this capacity in accordance with a written agreement approved by the Trustees under clause 5.9 of the Memorandum of Association. Reimbursement of expenses to Trustees for travel costs totalled £107 (2015/16; £120).

6. EMPLOYEES

	2017 £	2016 £
<i>Staff, agency and secondments</i>		
Staff	341,986	136,166
Agency staff fees	71,854	92,202
Secondments	<u>-</u>	<u>204,722</u>
Total staffing costs	<u>413,840</u>	<u>433,090</u>

**The Leadership Centre for Local Government
Year ended 31st March 2017**

Notes to the Financial Statements

The average number of senior staff employed directly - seconded employment ended in March 2016 - during the year was 3 (2016 2 persons), with employee benefits, excluding employer pension costs, in the ranges below.

Range £k	2017	2016
100-105	-	1
85 -90	1	1
80-85	1 (fte100-105)	-
75-80	1	-
65-70	-	1

The average number of persons employed (including agency staff) was 6 (2016 5 persons).

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	2017 Activities undertaken Directly	2017 Support Costs	2016 Activities undertaken Directly	2016 Support Costs
	£	£	£	£
Delivery Areas				
Future Vision	240,931	23,956	178,691	30,629
Centre Projects	208,106	20,693	36,285	6,220
Accident and Emergency	153,513	15,264	-	-
Specific Location Support for Leaders	124,628	12,392	101,530	17,403
Systems Leadership	515,178	51,226	871,635	149,406
Nursing Talent	101,169	10,060	-	-
Where Next	7,508	747	12,343	2,116
Local Vision	38,289	3,807	37,815	6,482
Public Health Leadership	158,663	15,776	231,603	39,699
Total	1,547,985	153,921	1,469,902	251,955

£522,306 (2016 £883,720) of the above costs were attributable to restricted funds and £1,179,600 (2016 £838,137) to unrestricted funds.

8. BREAKDOWN OF SUPPORT COSTS

	2017 £	2016 £
Finance support	10,000	15,000
Direction	51,716	60,086
General Office Costs	27,416	111,117
IT	14,230	5,802
Staff Costs	50,559	59,950
	153,921	251,955

Support costs are based on staff time spent on different activities.

9. EXPENDITURE ON OTHER COSTS

	2017 £	2016 £
Trustees Emoluments (see note 5)	16,760	16,760
Meeting costs	1,049	120
Chairman's expenses	107	-
Statutory Audit fees	3,500	3,500
	21,416	20,380

10. DEBTORS

	2017	2016
	£	£
Trade debtors	658,805	529,986
Other Debtors	2,697	12,933
Accrued Income	207,458	13,551
	<u>868,960</u>	<u>556,470</u>

11. CREDITORS

	2017	2016
	£	£
Trade creditors	19,994	35,952
Accruals	180,659	175,440
Other taxes and PAYE	10,639	5,672
VAT	105,387	87,003
Earned Leave Liability	1,491	3,569
	<u>318,170</u>	<u>307,636</u>

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

	2017	2016
	£	£
Net expenditure for year	(431,428)	(585,325)
(Increase) / decrease in debtors	(312,490)	(170,957)
Increase / (decrease) in creditors	10,534	(73,197)
	<u>(733,384)</u>	<u>(829,479)</u>

13. MEMBERS' LIABILITY

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

14. FUNDS ANALYSIS OF NET ASSETS BETWEEN FUNDS at 31st March 2017

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

	Current Assets	Current Liabilities	Funds Total
	£	£	£
UNRESTRICTED	1,006,885	298,972	707,913
RESTRICTED	668,639	19,198	649,441
	<u>1,675,524</u>	<u>318,170</u>	<u>1,357,354</u>

15. POST BALANCE SHEET EVENTS

The Directors and Trustees are not aware of any material post balance sheet events.