

THE SOCIETY OF LOCAL AUTHORITY CHIEF EXECUTIVES AND SENIOR MANAGERS (SOLACE GROUP) LTD

England & Wales · Charity number 1084419

Details

Other names THE SOLACE FOUNDATION

Status Registered

Legal form Charitable company

Company number [04053417](#)

Registered 2001-01-09

Register [View on the Charity Commission register](#)

Contact

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Website www.solace.org.uk

Activities

Objects: TO PROMOTE ANY CHARITABLE PURPOSE IN PARTICULAR THE RELIEF OF POVERTY, SICKNESS AND DISTRESS, THE ADVANCEMENT OF EDUCATION, THE PRESERVATION AND PROTECTION OF HEALTH, THE PROVISION OF PUBLIC WORKS AND SERVICES AND PUBLIC AMENITIES AND FACILITIES FOR RECREATION OR OTHER RELEASER TIME OCCUPATION IN THE INTERESTS OF SOCIAL WELFARE PARTICULARLY THROUGH THE PROMOTION OF EFFICIENCY AND GOOD PRACTICE IN LOCAL GOVERNMENT.

Activities: The charity's aims focus on supporting social welfare through promoting efficiency and good practice in local government. Activities include: development and training for public service leaders; influencing public service policy debates based on membership expertise; building the integrity and reputation of public service management; supporting local public service leadership recruitment.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Services, Sponsors Or Undertakes Research, Other Charitable Activities
- **What:** Education/training, Other Charitable Purposes
- **Who:** Other Defined Groups

Geography

- Northern Ireland
- Scotland
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£10,823,737	£10,638,499	£1,943,873	50
2024-03-31	£11,274,168	£11,333,677	£1,750,758	51
2023-03-31	£10,606,205	£10,605,580	£1,798,367	46
2022-03-31	£8,214,128	£8,115,409	£1,811,020	45
2021-03-31	£7,408,793	£7,136,417	£1,709,461	38

Trustees

Name	Role	Appointed
Adam Mark Hill		2020-10-12
Adele Joanne Steven		2022-10-13
Bernadette Mary Kathleen Marjoram		2023-11-01
Christopher David Naylor		2018-10-18
Clare Elliott		2023-11-01
Evonne Rogers		2021-10-13
Georgia Kate Doe		2023-11-01
Jonathan Roy Stephenson		2026-01-01
Kathryn Ruth O'Dwyer		2024-11-01
Kim Wright		2026-04-28
Nazeya Hussain-Duke		2020-10-12
Paul Renato Frainer		2018-10-18
Rachel Annette Louise McKoy		2022-10-13
Richard Charles Carr		2025-11-01
Robert Geoffrey Sarson Weaver		2022-10-13
Robin John Tuddenham		2025-01-01
Sarah Jane Garner		2023-11-01
Sarah Katharine Hall		2022-10-13
Sean Patrick Hanson		2023-11-01
Thomas John Stannard		2026-03-01

Accounts

Registered charity number: 1084419
Company number (registered in England & Wales): 04053417

The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd
(a company limited by guarantee)

Consolidated financial statements
for the year ended
31 March 2025

The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd

**Consolidated financial statements
for the year ended
31 March 2025**

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**Report of the Trustees
for the year ended
31 March 2025**

The trustees present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2025 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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 (FRS102) (effective 1 January 2019).

Objectives and activities

Objects

The objects of the charity are: "To promote any charitable purpose in particular the relief of poverty, sickness and distress, the advancement of education, the preservation and protection of health, the provision of public works and services and public amenities and facilities for recreation or other leisure time occupation in the interests of social welfare, particularly through the promotion of efficiency and good practice in local government."

The charity's governing documents permit it to do anything lawful that is deemed necessary to promote its objects, including (inter alia): employing staff; promoting, encouraging or undertaking study or research or disseminating the results of such; producing, printing and publishing anything in written, oral or visual media in furtherance of the objects; providing or procuring the provision of services, training, consultancy, advice, support, counselling and guidance in furtherance of the objects or any of them; promoting and supporting such legislative, social and administrative reform as may assist the charity's objects; and, entering into any arrangements with any governments, authorities or any person, company or association necessary to promote any of the charity's objects.

Aims and purpose

Strategic aims of the charity are focused on:

- providing opportunities for local public service leaders to **learn, develop** and to **network** with each other and with contemporaries from other areas of public life;
- **influencing** debates about the future of public services, to ensure that **policy** is informed by the experience and expertise of our members;
- building the **integrity** and **reputation** of public service management; and
- supporting local public services to **recruit and place** the brightest and best to their leadership roles.

The Solace group's purpose is:

- to enable places to thrive by releasing the power and voice of people working in local public services

Achievements and performance

Solace has enjoyed another successful year of progress, with a priority focus on 50th anniversary celebrations. Our anniversary events, marketing and publications provided the backbone and rhythm to support the other business plan priorities, with a series of regional activities as well as national. Whilst timing of the UK general election in July disrupted our planned timetable, the profile of KPI targets and income generation was reshaped in the light of that and anniversary events were adapted and rearranged as appropriate to give a solid end to the year and sound platform on which to develop and grow through the next financial year.

This anniversary year was also used to engage our membership body, and staff, proactively in the future direction of the profession and how Solace as an organisation can best support it. A consultation document was circulated to all members in October 2024, with related conversations culminating in an awayday in February 2025 for members of the sector policy board and subsidiary company board as well as the main Solace board. Along with management team sessions, this has informed development of a strategic business plan 2025-30. Staff have responded positively to the proposed strategic direction, including through focus groups.

Policy

The Solace 'Play' report - the second in a trilogy commemorating our 50th anniversary and providing a comprehensive examination of the current state of local government in England and key policy asks – was published soon after the general election and sent to all relevant members of the new Government in addition to publicising through our usual channels. At the Solace Summit in October we published our 'Fast-forward' report which brought together contributions from across our members discussing the future of local government.

Report of the Trustees (continued)
for the year ended
31 March 2025

Achievements and performance (cont'd)

Policy (cont'd)

Engagement with Government resulted in 147 meetings during the year. Along with 468 meetings with other stakeholders, this enables us to create a wider influence and ensure that the professional voice of local government is heard across all levels of government and with stakeholders who partner and collaborate with the sector. Solace has seen its work and activity published in some 41 articles in external publications across the year, as well as 115 press mentions.

Appointment of a new Solace President from 1st January 2025, along with several new members of the policy board during the year, has seen a refresh of policy activity. The President has outlined four priorities for his two-year tenure - places, people, equity, purpose - and these themes will run through the new strategic business plan and our events programmes, including the Solace Summit in October 2025. A report on each theme will be published during 2025 & 2026, with work commenced on the 'Place' report in the final quarter of 2024-25 for publication shortly before the July 2025 LGA conference.

Member engagement

At 31 March 2025 there were over 1,900 Solace members across all categories, with 84% of local authorities across the UK covered by Solace membership. This continues the steady growth of recent years but was behind our growth target. Following publication of the English Devolution White Paper in December 2024, it is likely that devolution and local government reorganisation will impact on membership; individuals are assessing future uncertainty in the shape and existence of their local authority against the benefit of ongoing Solace membership and network of support. Currently 33% of our members are from authorities in two-tier areas, while we have over 80 members from combined authorities.

In light of the uncertain and volatile policy and financial environment for the sector, during the year our strategy for membership recruitment has evolved. The focus is now on retaining individuals who initially receive membership as part of a learning programme. This will take time to work through and impact our retention and overall membership numbers as individuals' complete programmes, but it does provide a clearer focus for our activity. We are also working with colleagues from combined authorities to ensure our offer remains relevant as increasing numbers of strategic authorities are created. Membership will come into greater focus next year as a key change project in the strategic business plan 2025-30.

Over the year almost 1,400 delegates attended Solace-led online events and circa 1,450 delegates attending face-to-face events. Importantly, 95% of attendees were satisfied or very satisfied with Solace events through the year.

Leadership development

The charity also supported the development of 1,444 individuals as part of our learning and leadership offer across a range of programmes and sector organisations. The successful piloting of a new council chief executive programme was significant for Solace and the sector and will inform future development and expansion of our whole leadership pipeline as a key strand of the strategic business plan 2025-30. Other significant leadership programme activity during the year to March 2025 included:

- AMPlify, a development programme designed to nurture and uplift diverse talent, was awarded the Best Talent Programme Award according to the industry recognised body Public Services People Management (PPMA)
- growth of our AMPlify programme aimed at empowering a diversity of senior managers and leaders across our sector to progress in their careers, ensuring they can flourish and that their abilities are recognised and nurtured in their councils
- further cohorts of our Ignite programme for experienced council chief executives
- rolled out the twelfth year of our Springboard programme for talented aspiring leaders from across the UK
- 326 apprentices were supported across all programmes, with a 64% qualification achievement rate in the academic year ending August 2024 (which tracks to an ESFA 'good' rating) significantly above the target rate of 56%
- 98% of Solace learning and development programme attendees were satisfied or very satisfied
- programme development activity ranging from a new programme at strategic director level or equivalent to exploring the potential for formal accreditation for some of our programmes alongside a CPD points system for events and short courses to encourage continuous professional development
- continuing to specifically support sector leaders on the challenges of working in a political environment, particularly in the light of changes to the standards regime and the importance of wider ethical considerations

Recruitment support

The charity's trading subsidiary, Solace In Business Ltd, in the year to March 2025 provided £510,270 to help support the charitable aims of Solace. This includes support from our valued Business Partners, but most significantly the returns from interim recruitment, executive search and consultancy activity which is carried out on a 'profit-for-purpose' basis.

Report of the Trustees (continued)
for the year ended
31 March 2025

Achievements and performance (cont'd)

Recruitment support (cont'd)

A positive start to the year helped insulate the recruitment business from market slowdown promoted by the July general election. Business development opportunities through the autumn brought activity levels back more strongly but both the interim and permanent recruitment markets were then significantly disrupted in the final quarter - a traditionally strong quarter for the company - by sector uncertainty following publication of the English Devolution White Paper in December.

In response to local government devolution and reorganisation proposals, Solace In Business has developed a strong and comprehensive offer for Councils and for Solace members. Our offer was circulated to all members, placed on the LGA's 'LGR Hub' and will continue to be marketed and adapted as the situation develops. Further development of our consultancy offer is also a key change activity in the strategic business plan 2025-30, helping to spread the achievement of commercial return - and any uncertainty for the charity's reliance on related returns and donations - across a breadth of services, while leveraging the local government insight and expertise Solace has at its disposal.

During the year to March 2025 Solace In Business assisted 78 different organisations UK-wide accessing interim and consultancy support. We were again ranked in the top 10 providers of interim management services (across all sectors, not just local government) by the Institute of Interim Management (IIM), noting the commitment to fair pay, transparent contracts and meaningful placements.

Our business partner programme also remains an important contributor to the charity. It has performed strongly this year and is exceeding expectations in terms of income and the number of partners involved. There also remains an important symbiotic relationship between our event sponsorship, regional work and the business partner programme, where we aim to continue growth in the coming year.

Key performance indicators

In addition to detailed management accounts, a range of indicators are used by the trustees and executive management to monitor and direct activities as appropriate. These include monthly reporting and discussion of key operational and impact measures for each area of the group, refreshed annually as part of the business planning and budgeting process dependent on the agreed focus for each area for the relevant period(s). Examples include: income and margins; sickness absence; membership renewals and additions; number of learners supported; number of organisations worked with; conversion rates for tendered activity; associates utilisation; customer satisfaction; and, website and social media performance (viewings, click throughs and interactions).

Public Benefit

The stated purpose of Solace is '*to help unleash the positive power of local government*'. On that foundational premise, the aims and activity of the charity provide benefits to the public through a variety of means, including:

- the promotion of efficiency and good practice in local government to facilitate better provision of public works, services and amenities in the interests of social welfare;
- the promotion of knowledge, skills and competence amongst its members - being individuals wholly or mainly employed as local authority chief executives and senior managers; and
- promoting the cause of local government, including parliamentary lobbying and influence on policy discussions and decision-making.

These benefits have this year been primarily achieved through the achievements, performance and activities highlighted in this Report of the Trustees.

In the furtherance of these aims the directors have complied with the duty in s.4 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirements under that Act.

Financial Review

Investment policy

Investment powers are governed by the Articles of Association. Currently there are no investment restrictions in place and the investment objectives are: a balance of capital growth and income from investments; and, an overall medium tolerance of risk. The investment is therefore held in a mixture of medium to high risk investment portfolios. Financial gains from the current investments are automatically reinvested.

Report of the Trustees (continued)
for the year ended
31 March 2025

Financial Review (cont'd)

Investment performance

Evelyn Partners continue to manage an investment portfolio on behalf of the charity. The portfolio was valued at £166,156 on 31 March 2025, which includes an £7,877 gain on revaluation. In the year ended 31 March 2025 there was an overall £8,660 net increase in funds after investment management charges (note 13).

Whilst funds are invested in medium to high risk portfolios the investment manager has advised that "the indirect investment approach of the investment trust holdings within the portfolio are of a less risky nature than a single direct equity investment, although technically the same risks apply due to the legal structure of investment trusts".

Results for the year

Full details of the financial transactions are contained in the attached financial statements.	£
Total income for the year was	10,823,737
After deducting expenditure of	10,638,499
The net income / (expenditure) before recognised gains / (losses) was	<u>185,238</u>
The net assets of the charitable group at 31 March 2025 were	<u>1,943,873</u>

Available funds

At 31 March 2025 the charity had freely available reserves for its general purposes amounting to	<u>£ 1,189,234</u>
This comprises the balance in unrestricted funds, excluding tangible fixed assets and investments.	

Reserves policy

The charity's reserves policy is based on the value of unrestricted reserves excluding designated funds, with a target of covering 6 months operating costs (calculated to be £941,930 as at 31 March 2025) and a minimum of 3 months operating costs (£776,910 as at 31 March 2025). At £1,165,091 (note 21) the value of unrestricted reserves excluding designated funds as at 31 March 2025 compares favourably to the stated target reserves level. In the event that future circumstances require it, currently designated funds may be undesignated in order to address required needs.

Risks and uncertainties

Trustees have a duty to identify and review risks to which the charity is exposed and ensure appropriate controls are in place, including the provision of reasonable assurance against fraud and error. The trustees therefore closely monitor the operations of the charity and its trading subsidiary and review on a regular basis the nature of potential risks, their potential impact, likelihood of occurrence and means of mitigating them. As part of this process the trustees consider the adequacy of current internal controls and their ongoing suitability.

During 2024-25 work commenced on the adoption of a refreshed risk management approach to enhance the current annual identification of key risks as part of business planning. The refreshed approach will be aligned to implementation of the strategic business plan 2025-30 following initial mapping of identified risks as part of the strategic business planning development process, with trustee monitoring and review integrated in the regular risk management activity cycle.

Initial risk mapping of the new strategic plan shows that, as in previous years but possibly more amplified going forward, a volatile political environment for local authorities and the wider public sector is a principal area of risk and uncertainty. This is compounded by reorganisation for some in the sector and by threats from the wider financial environment for the public sector, both of which have potential to particularly impact the market in which Solace operates. These uncertainties are primarily dealt with by staying close to the sector and through active engagement in policy discussions with central government and key sector stakeholders, as already referenced earlier in this report.

From a financial risk perspective, identifying new income streams as well as growing existing income streams is key, together with achieving the right balance between commercial and sector (charitable) support within activity and partnerships. Solace will continue to ensure its charitable mission is central whilst also continuing to seek appropriate new income opportunities to support long term financial sustainability.

From a communications and marketing perspective key risks are not being able to effectively engage with core members and clients and becoming less relevant to what the sector requires so that our brand becomes stale. Plans to strengthen our corporate structure and capacity (operational and digital) will seek to mitigate these.

Proactive, effective engagement with members, partners and sector interest groups provides up-to-date intelligence which allows potential issues to be identified in a timely manner. This enables the Solace group to plan and respond accordingly based on sound management and control across all areas of the organisation.

Report of the Trustees (continued)
for the year ended
31 March 2025

Financial risk management

The charity and its subsidiary use financial instruments comprising cash and debtors. Their main purpose is to finance the working capital cycle of the group. Policies for managing financial risks open to the group are:

Price risk	A range of suppliers are used to ensure market prices are not exceeded. Contracts are used for the supply of a range of goods and services and these are reviewed on a regular basis.
Credit risk	Customers are largely public sector organisations who by their nature are considered 'low risk'. Many are long-standing customers. Effective credit management procedures are also in place.
Interest risk	Returns on cash are maximised through utilising a range of interest bearing bank accounts.
Liquidity risk	A range of bank accounts are used which enable access to funds in line with cash flow projections and to meet financial obligations as and when they fall due. In the event that its operating cash flows do not cover all financial obligations at a specific point in time, Solace In Business Ltd (a wholly owned subsidiary) is able to access arranged overdraft facilities. Group companies have a good relationship with their bankers.

Future Plans

Strategic planning in a change-rich, volatile and uncertain environment

2024 marked the 50th anniversary of Solace. The world in 1974 was very different to that we face a half century later. It was therefore timely over 2024-25 to assess and look afresh at how Solace is operating, building on its strength and growing in areas which members have described as important for the future sustainability of the sector.

Solace's unique selling point is that it is of the sector and for the sector. Every pound we earn goes to supporting our members and the wider sector. Solace is the only body representing all professional leaders in local government, advocating on behalf of the local government workforce. Member surveys and qualitative evidence highlight that Solace is a trusted brand, but trust is long earned and quickly lost.

To maintain relevance and ensure that the sector is supported through one of the most politically, economically and socially volatile periods the UK has faced for some time, it is essential that we reshape not just what we prioritise but also how we operate and deliver our priorities. The support and guidance sought by members has increased, for example with traditional governance norms being tested, and this trend is expected to continue for the foreseeable future.

The Solace group is also mindful of the constrained resources in which public services are operating. In developing future plans and designing future operations, Solace will seek to invest to build capacity that is focused on: growing our support offer to professionals in the sector; maximising returns so that every pound earned supports our members and the sector; and, ensuring that we can operate sustainably as a membership body with our charitable mission at the heart.

Solace mission and future objectives 2025-30

Solace's mission is to **champion local government and local government careers**. Solace champions by providing both support and challenge to the people employed in councils to help them be the best they can. Solace helps councils to focus on their people because when employees thrive so do their councils, communities and place.

This mission is framed by the four priorities set by our President: place, people, equity, purpose.

Solace has a pivotal thought leadership role to play in how the sector leads local **places**. Solace will reimagine and reinvest in the role of senior and middle management officer leadership - our **people**. We will nurture and celebrate what our colleagues do, harness and retain future talent and support the next generation of local authority officer leaders which reflect and represent our communities and the hidden wealth in our places.

We will make progress on furthering equality, diversity and inclusion at all levels in local government, and on shifting power towards **equity**, listening to unheard voices, acting with humility and honesty about the challenges we face into the future.

Local government chief executives and senior managers - the people Solace represents, supports and invests in - have the privilege of **purpose**, undertaking a professional role that means they make a difference to everyday lives. Our work will advocate for the importance of purpose to a good life, to enable a sustainable future and provide a powerful offer for future leaders in our sector.

Report of the Trustees (continued)
for the year ended
31 March 2025

Future Plans (cont'd)

2025-30 key objectives for delivery

Four key objectives have been identified to underpin achievement and delivery of our mission to champion local government and local government careers, each of which is indicated below along with related key activity.

Key performance indicators for each objective were finalised as part of strategic business plan and progress is monitored by the board of Solace and, where relevant, the subsidiary company Solace In Business Ltd.

Objective 1: Building our professional network

Our first objective is to strengthen the connections Solace has across local government. A larger Solace network will foster collaboration, knowledge-sharing and lead to better outcomes for Councils and those they support. We will undertake the following strategic activity to achieve this objective:

- Deliver a successful, comprehensive virtual and face-to-face national events programme.
- Provide a strong and effective marketing and communications activity plan to encourage greater membership take-up and improve renewal rates.
- Strengthen and further develop regional branches ensuring a more consistent approach to delivery and to encourage greater member take-up.
- Deliver an impactful and effective engagement programme with current and future private sector partners including through our business partner programme and other events and roundtables.
- Provide and deliver effective engagement mechanisms with and to the sector including frequent updates to our regular communications products and channels (e.g. the weekly Policy Briefing), monthly member webinars and collaborative work with stakeholders.
- Make best use of data and market intelligence, including demographic analysis of our members, to deliver high quality and informed services.

Objective 2: Raising our voice and impact

We will advocate for the value and importance of local government and its leaders and be the 'go to' professional voice in shaping the future of local government in how we improve our places, support our people, further equity and act with purpose. We will achieve this by doing the following activities:

- Utilise the role of our President and the Chair of each board to raise our collective voice including through the bi-annual President report.
- Provide a clear and consistent message, speaking as one Solace voice through delivery of high-quality communications.
- Drive forward the President's priorities with a focus on regularly engaging with senior civil servants and government ministers on key strategic policies.
- Deliver insightful thought leadership and effective lobbying on behalf of the sector through a range of media (e.g. articles, letters, briefings, bespoke roundtables/workshops).
- Provide and deliver effective engagement and collaboration with strategic partners (e.g. MHCLG), other membership bodies (e.g. LGA), third parties (e.g. think tanks) and business partners on common causes, where relevant.

Objective 3: Tackling the barriers to better local government

We will help local government perform at its absolute best through improved capacity and skills, championing high standards of responsibility, promoting equality, diversity, inclusion and ensuring leaders better represent the communities they serve. We will undertake the following strategic activity to demonstrate progress in achieving this objective:

- Develop and deliver a leadership and management framework for professional leaders and development programme for middle managers.
- Maintain and enhance Solace's role as a sector wide champion for equalities, diversity and inclusion.
- Deliver quality assured programmes of professional development across all stages of careers to develop a strong pipeline of talent for now and the future.
- Provide high quality, bespoke recruitment and assessment and interim services to the public sector nationwide.
- Champion and develop professional standards and ethics in local government including through leadership of a commission into professional standards and ethics.
- Raise the profile of local government as a career choice through work with strategic partners, including the Local Government Association and MHCLG.

**Report of the Trustees (continued)
for the year ended
31 March 2025**

Future Plans (cont'd)

2025-30 key objectives for delivery (cont'd)

Objective 4: Committing to being a responsible organisation that sets the highest standards of governance and support

We act with high standards of professionalism ensuring that we deliver for the benefit of the sector and the wider public good. Specific activities which help us achieve this will include:

- Embedding high quality learning and development and recruitment practice that builds a diverse and professional workforce and associate base.
- Review of financial systems to ensure they are robust, sustainable, fit for purpose and aligned to our long-term mission.
- Refreshed governance arrangements, including process for recruitment and renewal to the Board(s).
- Adopt a refreshed approach to risk management.
- Review current digital capacity (hardware and people) and processes (effective use of systems) and identify next steps improvement actions to ensure Solace is operationally fit for future purpose.
- Develop an effective internal communications strategy and programmes across the organisation, including mechanisms to celebrate and recognise employee success.

Structure, Governance and Management

Governing document

The charity is controlled by its governing document (a deed of trust dated 9 January 1986), and constitutes a company limited by guarantee (incorporated in England & Wales). It is governed by Memorandum and Articles of Association which were last amended and ratified by the company in general meeting on 17 October 2018.

Organisational structure

The charity is governed by directors who are also the trustees of the charity, as listed on page 8. The directors are responsible for administering the funds in accordance with the Trust Deed.

The directors meet a minimum of four times a year, to set organisational strategy and business plans and to review operational and financial performance. When carrying out their governance duties for the charity, the directors have regard for the guidance on public benefit published by the Charity Commission.

Day to day responsibility for running the charity is delegated to the Managing Director and senior executive staff, based on appropriate schemes of delegation determined by the directors.

Recruitment and appointment of new directors

Directors of the charity are identified from within the membership and appointed at the Annual General Meeting.

Third party indemnity provision for directors

The charity has third party indemnity insurance in place covering all directors of the charity.

Induction and training of new directors

New directors receive an induction programme which includes information and guidance on the liabilities and responsibilities of company directors and charity trustees, a copy of the Memorandum and Articles of Association and background information relating to budgets, forward plans and details of previous key decisions.

Disability and equality policy

All applicants for positions with the charity are given full and fair consideration. Employment, training and general policies are applied equally to all affected individuals.

Pay policy for senior staff

The directors consider that the board of directors (who are the charity's trustees) and the executive heads of service comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

All non-executive directors give of their time freely in that capacity and no director received remuneration during the year (2024: £nil) in connection with their appointment or duties as a director of the charity. Details of directors' expenses are provided in note 11 to the financial statements.

Report of the Trustees (continued)
for the year ended
31 March 2025

Structure, Governance and Management (cont'd)

Pay policy for senior staff (cont'd)

Staff pay is reviewed annually. Recommendations relating to senior staff and executive directors are considered by the non-executive directors on the Board or by a sub-committee of non-executive directors and relevant advisors. Any agreed pay increase would generally be based on consideration of a range of potential influencing factors, such as inflation measures and public sector pay awards. Market rates for comparable roles are also periodically considered, particularly as part of recruitment activities.

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows:

Key management personnel: Trustees and Directors of
The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd

Specified elected roles:

<i>Chair:</i>	K R O'Dwyer	<i>(appointed 1 November 2024)</i>
<i>Chair:</i>	G L Jones	<i>(resigned 18 October 2024)</i>
<i>Finance lead:</i>	A J Steven	
<i>Solicitor:</i>	R A L McKoy	
<i>President:</i>	R J Tuddenham	<i>(appointed 1 January 2025)</i>
<i>President:</i>	M V Prosser	<i>(resigned 31 December 2024)</i>
<i>SIB Chair:</i>	R E Hyde	

Other elected non-executive directors:

J Burns	N S A Hussain-Duke	
G K Doe	B M K Marjoram	
C Elliott	C D Naylor	
S H Fitzgerald	D V Plank	<i>(resigned 18 October 2024)</i>
P R Frainer	E Rogers	
S J Garner	J L Roney	
S K Hall	D R Thomas	<i>(resigned 18 October 2024)</i>
S P Hanson	R G S Weaver	
A M Hill		

Employed executive director:

G V McDonald

Key management personnel: Senior managers of
The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd

Managing Director	G V McDonald
Director of Corporate Resources	S R P Chambers
Director of Engagement	J A Howarth
Director of Learning	T I Birtwell
Director of Policy, Partnerships & Public Affairs	A J B Thomson

Key management personnel: Senior managers of Solace In Business Ltd

Business Development Director	T J McDougall
Director of Executive Resourcing & Assessment	S J Guest
Director of Interim Management	J K Mullinger

Our advisers

Auditors	SMH Jolliffe Cork Audit Ltd, 33 George Street, Wakefield WF1 1LX
Bankers	Lloyds Bank plc, 27-31 White Hart Street, High Wycombe, HP11 2HL National Westminster Bank Plc, 23 Uplands Crescent, Swansea SA2 0NY

**Report of the Trustees (continued)
for the year ended
31 March 2025**

Reference and administrative details

Company number	4053417
Charity number	1084419
Registered office	Ground Floor, 2 Red Hall Court Wakefield West Yorkshire WF1 2UN

Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also the directors of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to the auditor

In so far as the trustees are aware at the time of approving the trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the trustees on 19th September 2025



K R O'Dwyer
Trustee

**Independent Auditor's Report to the Members and Trustees of
The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd**

**for the year ended
31 March 2025**

Opinion on financial statements

We have audited the financial statements of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities, the Consolidated and the Parent Charity Balance Sheet, the Consolidated Cash Flow Statement and the related notes. 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 group's and the parent charitable company's affairs as at 31 March 2025, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

**for the year ended
31 March 2025**

Matters on which we are required to report by exception

In light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group through discussions with the trustees and other informed management which we considered may have a direct material effect on the financial statements or the operations of the group and thereafter, the audit team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud and considered the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

**Independent Auditor's Report to the Members and Trustees of
The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd (continued)**

**for the year ended
31 March 2025**

The extent to which the audit was considered capable of detecting irregularities including fraud (cont'd)

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias and investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims and reviewing correspondence with the group's legal advisors.

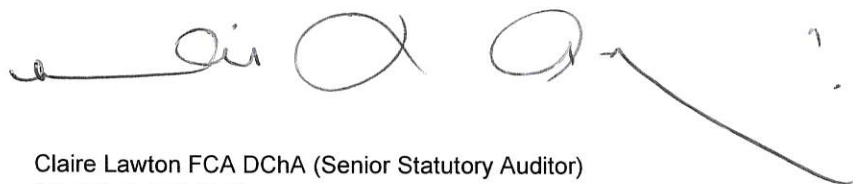
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the charitable company's members and trustees, 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 and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Claire Lawton FCA DChA (Senior Statutory Auditor)
for and on behalf of
SMH Jolliffe Cork Audit Ltd
Accountants and Statutory Auditors
33 George Street
Wakefield, WF1 1LX

26 September 2025

The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd

Consolidated Statement of Financial Affairs (including consolidated income and expenditure account)
for the year ended
31 March 2025

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2025 £	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £
INCOME							
Donations		-	-	-	2,000	-	2,000
Income from charitable activities	4	2,690,267	599,604	3,289,871	2,753,684	529,404	3,283,088
<i>Income from other activities</i>							
Commercial trading operations	5	7,505,020	-	7,505,020	7,964,657	-	7,964,657
Income from investments	6	28,846	-	28,846	24,423	-	24,423
Total income		10,224,133	599,604	10,823,737	10,744,764	529,404	11,274,168
EXPENDITURE							
<i>Cost of raising funds</i>							
Investment management costs	7	2,552	-	2,552	2,350	-	2,350
Commercial trading operations	5	6,982,628	-	6,982,628	7,389,470	-	7,389,470
<i>Expenditure on charitable activities</i>							
Education & Training	9	2,271,764	537,514	2,809,278	2,527,647	483,692	3,011,339
Membership services	9	844,041	-	844,041	930,518	-	930,518
Total expenditure		10,100,985	537,514	10,638,499	10,849,985	483,692	11,333,677
Net income / (expenditure) before transfers		123,148	62,090	185,238	(105,221)	45,712	(59,509)
Gross transfers between funds		-	-	-	-	-	-
Net income / (expenditure) before recognised gains / (losses)		123,148	62,090	185,238	(105,221)	45,712	(59,509)
Other recognised gains / (losses)							
Unrealised gains / (losses) on investments		7,877	-	7,877	11,900	-	11,900
Net movement in funds for the year		131,025	62,090	193,115	(93,321)	45,712	(47,609)
Reconciliation of funds							
Total funds b/fwd	20	1,342,004	408,754	1,750,758	1,435,325	363,042	1,798,367
Total funds c/fwd	20	1,473,029	470,844	1,943,873	1,342,004	408,754	1,750,758

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

The notes on pages 16 to 24 form an integral part of these financial statements.

The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd

Consolidated Balance Sheet
as at
31 March 2025

	Notes	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Fixed assets					
Tangible assets	12	117,639	156,658	69,559	86,920
Investments	13	166,156	157,496	228,190	219,530
Total Fixed Assets		<u>283,795</u>	<u>314,154</u>	<u>297,749</u>	<u>306,450</u>
Current assets					
Debtors	14	1,344,437	2,106,503	393,386	495,866
Cash at bank and in hand		2,232,699	1,541,497	1,894,201	1,500,610
Total Current Assets		<u>3,577,136</u>	<u>3,648,000</u>	<u>2,287,587</u>	<u>1,996,476</u>
Creditors: falling due within one year	15	1,917,058	2,210,761	1,111,245	1,008,327
Net current assets		<u>1,660,078</u>	<u>1,437,239</u>	<u>1,176,342</u>	<u>988,149</u>
Total assets less current liabilities		1,943,873	1,751,393	1,474,091	1,294,599
Provisions for liabilities and charges	16	-	635	-	-
Net Assets		<u><u>1,943,873</u></u>	<u><u>1,750,758</u></u>	<u><u>1,474,091</u></u>	<u><u>1,294,599</u></u>
The funds of the charity					
Unrestricted income funds	20	1,473,029	1,342,004	1,003,247	885,845
Restricted income funds	20	470,844	408,754	470,844	408,754
Total charity funds		<u><u>1,943,873</u></u>	<u><u>1,750,758</u></u>	<u><u>1,474,091</u></u>	<u><u>1,294,599</u></u>

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The financial statements were approved by the Trustees on 19th September 2025 and signed on their behalf by:



K R O'Dwyer
Trustee

The notes on pages 16 to 24 form an integral part of these financial statements.

Statement of Cash Flows and Consolidated Statement of Cash Flows
as at
31 March 2025

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Cash flows from operating activities				
Net movement in funds for the year	193,115	(47,609)	179,492	49,134
Adjustments for:				
Depreciation	50,659	63,522	23,189	40,173
Unrealised investment (gains) / losses	(7,877)	(11,900)	(7,877)	(11,900)
Re-invested dividend income	(3,335)	(2,653)	(3,335)	(2,653)
Fees netted off investment portfolio	2,552	2,350	2,552	2,350
Interest received	(25,511)	(21,770)	(24,005)	(19,790)
Loss / (gain) on disposal of fixed assets	-	3,475	-	-
Decrease / (increase) in debtors	762,066	(272,437)	102,480	(106,614)
Increase / (decrease) in creditors	(293,703)	198,696	102,918	110,765
Increase / (decrease) in provisions	(635)	(4,988)	-	-
Cash generated from / (used in) operating activities	677,331	(93,314)	375,414	61,465
Cash flows from investing activities				
Interest received	25,511	21,770	24,005	19,790
Fixed asset purchases	(11,640)	(117,779)	(5,828)	(69,045)
Released from managed portfolio	-	-	-	-
Cash provided by / (used in) investing activities	13,871	(96,009)	18,177	(49,255)
Cash flows from financing activities	-	-	-	-
Increase / (decrease) in cash and cash equivalents in the year	691,202	(189,323)	393,591	12,210
Cash and cash equivalents at the beginning of the year	1,541,497	1,730,820	1,500,610	1,488,400
Cash and cash equivalents at the end of the year	2,232,699	1,541,497	1,894,201	1,500,610

**Notes to the Consolidated Financial Statements
for the year ended
31 March 2025**

1 Accounting policies

1.1 Basis of preparation

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) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The charity's functional and presentation currency is the pound sterling £. All financial information presented has been rounded to the nearest £, unless otherwise stated.

1.2 Basis of consolidation

The group financial statements consolidate the results of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd and its subsidiary Solace In Business Ltd.

Subsidiary undertakings are included using the acquisition method of accounting. Under this method the group net incoming resources include the results of subsidiaries from the date of acquisition and to the date of sale outside the group in case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

The trustees have taken advantage of the exemption afforded by section 408 of the Companies Act 2006 and a separate Statement of Financial Activities and income and expenditure account for the charity has therefore not been presented.

1.3 Going concern

The financial statements have been prepared on a going concern basis. In preparing the accounts the trustees have considered possible risks, events or conditions that might cast significant doubt on the ability of the charitable company to continue as a going concern and therefore on the appropriate use of the going concern basis.

Regularly monitoring the operational and financial performance of the charity and its subsidiary is part of the routine activities of executive management (monthly) and of the separate company boards (quarterly). This includes detailed management accounts and the analysis of pipeline activity (income and margins), together with performance indicators ranging from opportunity conversion rates to customer satisfaction across all areas of activity. Financial forecasts for the period through to 31 August 2026 have - together with current reserves, cash balances and available overdraft facilities - also been reviewed as part of that regular monitoring activity. Based on such reviews and related enquiries, the trustees have concluded that there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future and therefore they have continued to adopt the going concern basis in preparing its financial statements.

1.4 Fixed assets

- a) Fixed assets are initially recorded at historic cost.
- b) Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets except freehold land, over their expected useful lives. It is calculated at the following rates:

Improvements to short leasehold property	Over the term of the lease
Fixtures & Fittings	25% on reducing balance
Computer equipment	20% or 33% on cost

1.5 Fixed Asset investments

Investments in subsidiaries are stated at historical cost less provision for diminution in value. Other investments are stated at fair value.

1.6 Income recognition

- a) Income from charitable activities (including trading) in the form of services is recognised in the relevant period(s) in which the activity takes place or is earned. Activity income received in advance is deferred until entitlement to the income has arisen at which time it is credited to the Statement of Financial Activities.

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2025

1.6 Income recognition (cont'd)

- b) Donations and voluntary income are accounted for when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.
- c) Grant funding received for a specified area of the charity's work or for a specific purpose is accounted for as restricted funds. Grants received without restriction are recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.
- d) Investment income is recognised on an accruals basis.

1.7 Gift aid distribution from subsidiary company to parent charity

Profits over and above those needed to meet the working capital requirements of subsidiary companies are transferred to the parent charity by way of a gift aid distribution. As no legal obligation exists, the distributions in respect of the current and comparative year represent amounts paid as at the balance sheet date.

1.8 Expenditure

- a) All expenditure is accounted for on an accruals basis. VAT is recovered on relevant expenditure. Irrecoverable VAT is included within the relevant expense of the charity in the year in which it is incurred.
- b) Activities in furtherance of the charity's objectives include the direct costs of staff and property together with the costs of projects and activities.
- c) The trustees consider that management and administration costs of the charity are not material when taken in the context of amounts spent on charitable activities. All members of staff have been active in fulfilling the objectives of the charity.

1.9 Support costs

Support costs relate to functions that assist the work of the charity but do not directly undertake charitable activities. They include back office, finance, personnel, payroll and governance costs (e.g. the preparation and examination of the statutory accounts, the costs of directors meetings and the cost of legal advice on constitutional matters). The bases on which support costs have been allocated are set out in note 10.

1.10 Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.11 Pensions

The charity operates a defined contribution pension scheme. Contributions are recognised in the Statement of Financial Activities in the period in which they become payable in accordance with the rules of the scheme.

1.12 Fund accounting

The charity has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

- | | |
|---------------------------|--|
| Unrestricted funds | - Funds are expendable at the discretion of the trustees in furtherance of the objects of the charity. |
| Restricted funds | - Restricted funds can only be used for particular restricted purposes within the objectives of the charity. These arise when funds are subject to specific restrictive conditions imposed by funders/donors or by the purpose of the grant. |
| Designated funds | - The trustees may at their discretion set aside unrestricted funds for specific purposes. |

2 Legal status and control

The charity is a company limited by guarantee. All members have agreed to contribute an amount not exceeding £1 each to the assets of the company in the event of it being wound up.

The charity is controlled by its members. Membership of the charitable company is open to individuals designated as senior officers of local authorities in England, Scotland, Wales, Northern Ireland, the Channel Islands and the Isle of Man. Membership is also open to senior officers of any other board, authority or committee exercising local government or public service functions in any of the indicated geographic areas.

Elected members of local authorities are not eligible to for membership of the charitable company, notwithstanding that they may be otherwise qualified.

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2025

3 Financial performance of the charity

The Consolidated Statement of Financial Activities includes the results of the charity's wholly owned subsidiary company (note 5), which provides Interim placement and executive recruitment services. The summary financial performance of the charity alone is as follows:

	Unrestricted Funds £	Restricted Funds £	Total 2025 £	Total 2024 £
Donations	-	-	-	2,000
Gift aid distribution from trading subsidiary (note 5)	510,270	-	510,270	673,910
Income from investments	27,340	-	27,340	22,443
Income from charitable activities	2,690,267	599,604	3,289,871	3,283,088
	3,227,877	599,604	3,827,481	3,981,441
Investment management fees	(2,552)	-	(2,552)	(2,350)
Expenditure on charitable activities	(3,115,800)	(537,514)	(3,653,314)	(3,941,857)
Net income	109,525	62,090	171,615	37,234
Unrealised gains / (losses) on investments	7,877	-	7,877	11,900
Total funds brought forward	885,845	408,754	1,294,599	1,245,465
Total funds carried forward	1,003,247	470,844	1,474,091	1,294,599
Represented by:				
Restricted income funds			470,844	408,754
Unrestricted income funds			1,003,247	885,845
			1,474,091	1,294,599

4 Income from charitable activities

	Unrestricted £	Restricted £	Total Funds 2025 £	Total Funds 2024 £
Education and training	2,123,767	585,000	2,708,767	2,710,845
Membership activities	566,500	14,604	581,104	572,243
	2,690,267	599,604	3,289,871	3,283,088

Restricted income relating to education and training represents grant funding received in relation to specified activities.

5 Income from commercial trading operations

The charity has one wholly owned trading subsidiary, Solace In Business Ltd (note 13), which is incorporated in England and Wales and provides recruitment services to the public sector. Profits over and above those needed to meet the working capital requirements of the subsidiary are transferred to the charity by way of a gift aid distribution. The distribution amounts stated below are the total sums paid across within the relevant financial year.

The summary financial performance of the subsidiary alone is as follows:

	2025 £	2024 £
Income	7,505,020	7,964,657
Cost of sales and administration costs	(6,983,263)	(7,394,458)
Exceptional costs	-	-
Interest receivable	1,506	1,980
Net profit	523,263	572,179
Taxation	635	4,988
Profit for the financial year	523,898	577,167
Gift aid distribution to parent charity	(510,270)	(673,910)
Retained in subsidiary	13,628	(96,743)

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2025

5 Income from commercial trading operations (cont'd)	2025	2024
	£	£
The assets and liabilities of the subsidiary were:		
Fixed assets	48,100	69,758
Current assets	1,310,941	1,654,696
Current liabilities	(827,224)	(1,205,630)
Provisions for liabilities and charges (note 16)	-	(635)
Total net assets	<u>531,817</u>	<u>518,189</u>
 6 Investment income	 2025	 2024
	£	£
Dividends	3,335	2,653
Bank and other interest	25,511	21,770
	<u>28,846</u>	<u>24,423</u>
 7 Investment management costs	 2025	 2024
	£	£
Portfolio management	<u>2,552</u>	<u>2,350</u>
 8 Staff costs and numbers	 2025	 2024
	£	£
Salaries	2,050,726	2,022,785
Social security costs	186,239	182,009
Pension costs	128,748	125,287
	<u>2,365,713</u>	<u>2,330,081</u>
The average monthly number of employees during the year was as follows:	Number	Number
	2025	2024
Executive directors	1	1
Other staff	49	50
	<u>50</u>	<u>51</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2025

9 Expenditure on charitable activities	Education & Training £	Membership Services £	Total 2025 £
Governance costs (note 10)	33,756	16,721	50,477
Support costs (note 10)	965,944	463,948	1,429,892
Direct delivery	1,595,648	261,507	1,857,155
Central premises	30,836	14,644	45,480
IT support and consumables	79,170	29,302	108,472
Communications	-	-	-
Depreciation	16,921	6,268	23,189
Travel & subsistence	11,185	9,780	20,965
Irrecoverable VAT	57,322	5,686	63,008
Marketing	1,780	1,683	3,463
Bank interest and transaction charges	2,347	869	3,216
International relationships and support	-	5,111	5,111
Other costs	14,369	28,522	42,891
	2,809,278	844,041	3,653,319

Expenditure on charitable activities was £3,653,319 (2024: £3,941,857) of which £3,115,805 was unrestricted (2024: £3,458,165) and £537,514 was restricted (2024: £483,692).

10 Governance and support costs

	Basis of apportionment	Support costs £	Governance £	Total 2025 £	Total 2024 £
Salaries and related costs	Staff roles and time allocation	1,425,987	37,084	1,463,071	1,428,797
Audit fee	Invoice description	-	9,165	9,165	8,210
Other professional and legal fees	Invoice description	115	124	239	13,929
Board running costs	Invoice description	-	4,104	4,104	3,035
Sundry expenses	Invoice description	3,790	-	3,790	3,107
		1,429,892	50,477	1,480,369	1,457,078

11 Staff costs, trustee remuneration and expenses, and the cost of key management personnel

The key management personnel of the group and the parent charity comprise the trustees and senior managers whose names are listed on page 8. Total remuneration and employee benefits for key management personnel amounted to £783,658 (2024: £764,909) including pension contributions of £56,346 (2024: £56,363). This includes one trustee, G McDonald (2024: one trustee - G McDonald) who received remuneration relating to their contract of employment with the charity or its subsidiary.

The number of employees earning more than £60,000 per annum (including related pension contributions) is:

	Group 2025	Group 2024	Charity 2025	Charity 2024
Between £60,001 and £70,000	-	-	-	-
Between £70,001 and £80,000	1	1	-	-
Between £80,001 and £90,000	1	3	-	1
Between £90,001 and £100,000	2	2	1	2
Between £100,001 and £110,000	3	1	3	-
Between £110,001 and £120,000	-	-	-	-
Between £120,001 and £130,000	1	1	1	1

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2025

11 Staff costs, trustee remuneration and expenses, and the cost of key management personnel (cont'd)

During the year ended 31 March 2025 no trustee (2024: no trustee) received remuneration or benefits from the charity for acting as, or in connection with their appointment as, a trustee of the charity. During the year three non-executive trustees (2024: one trustee) were reimbursed expenses totalling £4,137 (2024: £7,776) including £3,504 (2024: £7,542) relating to representing the organisation at international partner events.

12 Tangible fixed assets

Group	Improvements to short leasehold to property £	Fixtures and fittings £	IT infrastructure £	Computer equipment £	Total £
Cost					
At 1 April 2024	43,560	28,888	271,194	42,179	385,821
Additions	-	-	5,828	5,812	11,640
Disposals	-	-	-	(6,769)	(6,769)
At 31 March 2025	<u>43,560</u>	<u>28,888</u>	<u>277,022</u>	<u>41,222</u>	<u>390,692</u>
Depreciation					
At 1 April 2024	1,766	3,009	196,642	27,746	229,163
Charge for the year	4,356	6,470	30,098	9,735	50,659
Disposals	-	-	-	(6,769)	(6,769)
At 31 March 2025	<u>6,122</u>	<u>9,479</u>	<u>226,740</u>	<u>30,712</u>	<u>273,053</u>
Net book value					
At 31 March 2025	<u>37,438</u>	<u>19,409</u>	<u>50,282</u>	<u>10,510</u>	<u>117,639</u>
At 31 March 2024	<u>41,794</u>	<u>25,879</u>	<u>74,552</u>	<u>14,433</u>	<u>156,658</u>
Charity					
	Improvements to short leasehold to property £	Fixtures and fittings £	IT infrastructure £	Computer equipment £	Total £
Cost					
At 1 April 2024	43,560	-	192,304	17,881	253,745
Additions	-	-	5,828	-	5,828
Disposals	-	-	-	(1,622)	(1,622)
At 31 March 2025	<u>43,560</u>	<u>-</u>	<u>198,132</u>	<u>16,259</u>	<u>257,951</u>
Depreciation					
At 1 April 2024	1,766	-	155,099	9,960	166,825
Charge for the year	4,356	-	14,954	3,879	23,189
Disposals	-	-	-	(1,622)	(1,622)
At 31 March 2025	<u>6,122</u>	<u>-</u>	<u>170,053</u>	<u>12,217</u>	<u>188,392</u>
Net book value					
At 31 March 2025	<u>37,438</u>	<u>-</u>	<u>28,079</u>	<u>4,042</u>	<u>69,559</u>
At 31 March 2024	<u>41,794</u>	<u>-</u>	<u>37,205</u>	<u>7,921</u>	<u>86,920</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2025

13 Investments	Group		Charity	
	2025	2024	2025	2024
	£	£	£	£
Listed investments (managed portfolio)	166,156	157,496	166,156	157,496
Investment in subsidiaries	-	-	62,034	62,034
	<u>166,156</u>	<u>157,496</u>	<u>228,190</u>	<u>219,530</u>

Investment in subsidiaries

Subsidiary company	Solace In Business Ltd, registered in England & Wales (Company No. 3150254)
Nature of business	Interim placement and executive recruitment
Number, class and percentage of shares held	19 ordinary (100%)
Net assets at 31 March 2025	£531,817

The activities and results of this subsidiary company are summarised in note 5.

Subsidiary company	SEL Business Services Limited, registered in England & Wales (Co. No. 8704424)
Nature of business	Dormant
Number, class and percentage of shares held	20 ordinary (100%)
Net assets at 31 March 2025	£20

Listed investments (managed portfolio)	Total
	£
Market value	
At 1 April 2024	157,496
Additions	3,335
Revaluations	7,877
Management fees	(2,552)
Reclassification / transfer	-
At 31 March 2025	<u>166,156</u>
Net book value	
At 31 March 2025	<u>166,156</u>
At 31 March 2024	<u>157,496</u>

There are no investment assets outside the UK

14 Debtors	Group		Charity	
	2025	2024	2025	2024
	£	£	£	£
Trade debtors	999,539	1,580,421	248,829	375,768
Other debtors	-	-	-	-
Amounts owed by group undertakings	-	-	21,391	3,174
Prepayments and accrued income	344,898	526,082	123,166	116,924
	<u>1,344,437</u>	<u>2,106,503</u>	<u>393,386</u>	<u>495,866</u>

15 Creditors	Group		Charity	
	2025	2024	2025	2024
	£	£	£	£
Amounts falling due within 1 year:				
Trade creditors	714,446	1,168,729	308,472	404,319
Other creditors	24,286	21,126	18,186	12,260
Corporation tax	-	-	-	-
Social security and other taxes	224,727	216,605	111,625	93,620
Amounts owed to group undertakings	-	-	-	-
Accruals and deferred income	953,599	804,301	672,962	498,128
	<u>1,917,058</u>	<u>2,210,761</u>	<u>1,111,245</u>	<u>1,008,327</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2025

16 Provisions for liabilities and charges

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

The trading subsidiary, Solace In Business Ltd, is not exempt from taxation (see note 5). Taxation for the year comprises current and deferred tax. Current tax is recognised at the amount of tax payable using the rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, as set out below:

	Group 2025 £	2024 £
Deferred tax	-	635
	-	635
	Deferred tax	
	£	
At 1 April 2024	635	
Movement in year	(635)	
At 31 March 2025	-	

17 Financial instruments

Solace In Business Ltd, a wholly owned subsidiary of the charity, has access to an approved overdraft facility of £150,000 available through National Westminster Bank Plc. That facility is covered by a debenture in the bank's standard form, dated 27 August 2024, providing a floating charge over all property and assets of the subsidiary company. There is no guarantee provided by the charity in connection with the indicated facility. At 31 March 2025 the unpaid balance drawn down against this facility was £nil.

18 Operating leases

As at 31 March 2025 commitments under non-cancellable operating leases were as follows:

Group	Land & Buildings 2025 £	Other 2025 £	Land & Buildings 2024 £	Other 2024 £
Due within one year	40,000	4,657	40,000	4,657
Due within two to five years	150,000	-	150,000	-
Due over 5 years	133,333	-	173,333	-
	323,333	4,657	363,333	4,657
Charity	Land & Buildings 2025 £	Other 2025 £	Land & Buildings 2024 £	Other 2024 £
Due within one year	40,000	-	40,000	-
Due within two to five years	150,000	-	150,000	-
Due over 5 years	133,333	-	173,333	-
	323,333	-	363,333	-

19 Pensions schemes

Defined contribution pension scheme

The charitable group operates a defined contribution pension scheme for the benefit of all employees. Contributions to the scheme for the year ended 31 March 2025 amounted to £128,748 (2024: £125,287). This includes accrued contributions of £21,877 (2024: £21,126) included in other creditors (note 15).

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2025

20 Funds	Balance at 1 April 2024 £	Net incoming Resources £	Transfers £	Balance at 31 March 2025 £
Unrestricted				
General	1,050,376	114,715	-	1,165,091
Designated	291,628	16,310	-	307,938
	<u>1,342,004</u>	<u>131,025</u>	<u>-</u>	<u>1,473,029</u>
Restricted				
Managerial leadership	400,185	70,659	-	470,844
Coaching & Mentoring	800	(800)	-	-
Sector research	7,769	(7,769)	-	-
Skills training	-	-	-	-
	<u>408,754</u>	<u>62,090</u>	<u>-</u>	<u>470,844</u>

Designated funds:

The directors have identified that certain unrestricted funds should be ring-fenced as follows:

- Branch reserves - representing the historic surplus or deficit accumulated through various geographically based activities covering Solace Group members in Scotland, Wales, Northern Ireland and certain English regions.

Restricted funds:

- Managerial leadership grant funding received to subsidise the formulation and delivery of tailored programmes which support public sector leaders and strategic managers in the development of their people and organisations to meet current and future sector challenges, demands and opportunities.
- Grant funding to provide subsidised coaching and mentoring for local authority senior managers.
- Grant funding to enable sector research and educational events for local authority senior managers on key areas of public policy such as health and ethnicity, diversity and inclusion.

Sufficient cash resources are held to enable each of the identified funds to be applied without any restrictions.

21 Analysis of Group net assets between funds

Funds balances at 31 March 2025 are represented by:	Unrestricted £	Designated £	Restricted £	Total £
Tangible fixed assets	117,639	-	-	117,639
Investments	166,156	-	-	166,156
Current assets	2,798,354	307,938	470,844	3,577,136
Creditors: amounts falling due within 1 year	(1,917,058)	-	-	(1,917,058)
Provisions for liabilities and charges	-	-	-	-
	<u>1,165,091</u>	<u>307,938</u>	<u>470,844</u>	<u>1,943,873</u>

22 Capital commitments

Capital amounts contracted at 31 March 2025 but not provided for in these financial statements amounted to £nil for the group and charitable company (2024: £nil).

23 Related Party Transactions

During the year ended 31 March 2025 the charity received a gift aid distribution of £510,270 (2024: £673,910) from Solace In Business Ltd (note 5).

Throughout the year to March 2025 the charity made a cash facility available to Solace In Business Ltd (a wholly owned subsidiary) to draw down and repay on a flexible basis. Interest was charged at 5% on month-end balances. The maximum amount loaned to Solace In Business Ltd during the year was £175,000 and at 31st March 2025 the unpaid amount outstanding was £nil.

Other related party transactions made by the charity during the year ended 31 March 2025 were:

- B Marjoram, a trustee of the charity, received payment of £1,625 (2024: £2,275) from the charity for professional services supplied.

Accounts

Registered charity number: 1084419
Company number (registered in England & Wales): 04053417

The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd
(a company limited by guarantee)

Consolidated financial statements
for the year ended
31 March 2024

The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd

**Consolidated financial statements
for the year ended
31 March 2024**

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**Report of the Trustees
for the year ended
31 March 2024**

The trustees present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2024 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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 (FRS102) (effective 1 January 2019).

Objectives and activities

Objects

The objects of the charity are: "To promote any charitable purpose in particular the relief of poverty, sickness and distress, the advancement of education, the preservation and protection of health, the provision of public works and services and public amenities and facilities for recreation or other leisure time occupation in the interests of social welfare, particularly through the promotion of efficiency and good practice in local government."

The charity's governing documents permit it to do anything lawful that is deemed necessary to promote its objects, including (inter alia): employing staff; promoting, encouraging or undertaking study or research or disseminating the results of such; producing, printing and publishing anything in written, oral or visual media in furtherance of the objects; providing or procuring the provision of services, training, consultancy, advice, support, counselling and guidance in furtherance of the objects or any of them; promoting and supporting such legislative, social and administrative reform as may assist the charity's objects; and, entering into any arrangements with any governments, authorities or any person, company or association necessary to promote any of the charity's objects.

Aims and purpose

Strategic aims of the charity are focused on:

- providing opportunities for local public service leaders to **learn, develop** and to **network** with each other and with contemporaries from other areas of public life;
- **influencing** debates about the future of public services, to ensure that **policy** is informed by the experience and expertise of our members;
- building the **integrity** and **reputation** of public service management; and
- supporting local public services to **recruit and place** the brightest and best to their leadership roles.

The Solace group's purpose is:

- to enable places to thrive by releasing the power and voice of people working in local public services

Achievements and performance

The year to March 2024 saw the Solace group continue its path of steady, sustainable growth with revenue rising to over £11 million. Another positive year commercially for the subsidiary company, Solace In Business, contributed to the charity's expansion of provision to the sector and its support for individual members. The organisation has been transformed in the past few years with a growing capacity to make a recognisable impact on the health of the local government sector and the success of individual members.

Professional membership of Solace increased by 218, or 13%, during 2023/24 giving more local government employees access to the support that Solace is able to provide. We have also worked positively with our strategic partners, including the Local Government Association, to build our and the sector's capacity, while our strong commercial success has ensured a stable financial foundation on which to build both our current provision and future ambitions.

Policy

Solace continues to act as an important source of local government insight for the national Government. Through Solace's President and our policy leads, during the past year we were able to ensure local government's professional voice was heard clearly as important decisions were being made in Whitehall. We also had ministers, shadow ministers and civil servants attending our policy board, which meets monthly and provides an important sounding board for stakeholders as well as each other.

Report of the Trustees (continued)
for the year ended
31 March 2024

Achievements and performance (cont'd)

Engagement with Government resulted in over 150 meetings during the year, as well as over 500 meetings with other stakeholders. Engagement levels were maintained throughout the year and enabled us to influence Government and other key stakeholders on longer term issues, as well as on the immediate response to critical issues as they emerged. Simultaneously, Solace still regularly contributed within sector and national media. This enables us to create a wider influence and ensure that the professional voice of local government is still heard. Solace contributed over 30 media articles across the year, as well as 132 press mentions.

Member Engagement

The year ended March 2024 saw a significant increase in events attendance compared to the prior year with 2,209 attending face-to-face activity, an increase of 35% on 2022/23 attendance. Commercial sponsorship income has similarly recovered well since the impact of Covid-19 on our activities and supports the long term viability of our events programme.

The support that Solace provides to individual members in their development has increased significantly in recent years. During 2023/24 we supported 256 individuals in coaching, organised action learning sets and facilitated appraisals and also ran tailored one-day in-house courses for 294 attendees.

Leadership development

The charity also supported the learning of 1,226 individuals as part of our organisational development activity across 64 organisations (up from 51 organisations in the prior year). Overall, our most significant leadership development programmes during the year included:

- development of a new council Chief Executive programme in conjunction with the Local Government Association, with three modules successfully piloted and evaluated to support the case for funding for the programme during 2024/25.
- Growth of our AMPlify programme aimed at empowering a diversity of senior managers and leaders across our sector to progress in their careers, ensuring they can flourish and that their abilities are recognised and nurtured in their councils.
- Continued delivery of the national graduate development programme, which introduces high quality graduates to a career in local government.
- The eleventh year of our Springboard programme for talented aspiring leaders from across the UK.
- The ninth year of Total Leadership, an innovative partnership between Solace and the University of Birmingham bringing the best of academic rigor together with practical hands-on experience to create a career defining learning experience for Executive Leaders.
- Further cohorts of our Ignite programme for experienced council chief executives.
- Continued expansion of our accredited public management and leadership programmes, including an MSc and apprenticeship programmes delivered in partnership with the University of Birmingham.

Recruitment support

The charity's trading subsidiary, Solace In Business, in the year to March 2024 provided £673,910 to help support the charitable aims of Solace. This includes support from our valued Business Partners, but most significantly the returns from interim recruitment, executive search and consultancy activity which is carried out on a 'profit-for-purpose' basis. During 2023/24 this activity included around 100 permanent recruitments to the most senior roles in the sector as well as having an extensive team of interim contractors and associates working across 78 different local authorities UK-wide.

Key performance indicators

In addition to detailed management accounts, a range of indicators are used by the trustees and executive management to monitor and direct activities as appropriate. These include monthly reporting and discussion of key operational and impact measures for each area of the group, refreshed annually as part of the business planning and budgeting process dependent on the agreed focus for each area for the relevant period(s). Examples include: income and margins; sickness absence; membership renewals and additions; number of learners supported; number of organisations worked with; conversion rates for tendered activity; associates utilisation; customer satisfaction; and, website and social media performance (viewings, click throughs and interactions).

Report of the Trustees (continued)
for the year ended
31 March 2024

Public Benefit

The stated purpose of Solace is *'to help unleash the positive power of local government'*. On that foundational premise, the aims and activity of the charity provide benefits to the public through a variety of means, including:

- the promotion of efficiency and good practice in local government to facilitate better provision of public works, services and amenities in the interests of social welfare;
- the promotion of knowledge, skills and competence amongst its members - being individuals wholly or mainly employed as local authority chief executives and senior managers; and
- promoting the cause of local government, including parliamentary lobbying and influence on policy discussions and decision-making.

These benefits have this year been primarily achieved through the achievements, performance and activities highlighted in this Report of the Trustees.

In the furtherance of these aims the directors have complied with the duty in s.4 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirements under that Act.

Financial Review

Investment policy

Investment powers are governed by the Articles of Association. Currently there are no investment restrictions in place and the investment objectives are: a balance of capital growth and income from investments; and, an overall medium tolerance of risk. The investment is therefore held in a mixture of medium to high risk investment portfolios. Financial gains from the current investments are automatically reinvested.

Investment performance

Evelyn Partners continue to manage an investment portfolio on behalf of the charity. The portfolio was valued at £157,496 on 31 March 2024, which includes an £11,900 gain on revaluation. In the year ended 31 March 2024 there was an overall £12,203 net increase in funds after investment management charges (note 13).

Whilst funds are invested in medium to high risk portfolios the investment manager has advised that "the indirect investment approach of the investment trust holdings within the portfolio are of a less risky nature than a single direct equity investment, although technically the same risks apply due to the legal structure of investment trusts".

Results for the year

Full details of the financial transactions are contained in the attached financial statements.

Total income for the year was	£ 11,274,168
After deducting expenditure of	11,333,677
The net income / (expenditure) before recognised gains / (losses) was	<u>(59,509)</u>
The net assets of the charitable group at 31 March 2024 were	<u>1,750,758</u>

Available funds

At 31 March 2024 the charity had freely available reserves for its general purposes amounting to
This comprises the balance in unrestricted funds, excluding tangible fixed assets and investments.

£ 1,027,850

Reserves Policy

The charity's reserves policy is based on the value of unrestricted reserves excluding designated funds, with a target of covering 6 months operating costs (calculated to be £929,350 as at 31 March 2024) and a minimum of 3 months operating costs (£753,100 as at 31 March 2024). At £1,050,376 (note 21) the value of unrestricted reserves excluding designated funds as at 31 March 2024 compares favourably to the stated target reserves level. In the event that future circumstances require it, currently designated funds may be undesignated in order to address required needs.

Risks and uncertainties

Trustees have a duty to identify and review risks to which the charity is exposed and ensure appropriate controls are in place, including the provision of reasonable assurance against fraud and error. The trustees therefore closely monitor the operations of the charity and its trading subsidiary and review on a regular basis the nature of potential risks, their potential impact, likelihood of occurrence and means of mitigating them. As part of this process the trustees consider the adequacy of current internal controls and their ongoing suitability.

**Report of the Trustees (continued)
for the year ended
31 March 2024**

Risks and uncertainties (cont'd)

Government policy changes relating to and/or affecting the public sector are considered to be the principal risks and uncertainties. These are primarily dealt with by staying close to the sector and through active engagement in policy discussions, as already referenced earlier in this report.

Proactive, effective engagement with our members, partners and sector interest groups provides up-to-date intelligence which allows potential issues to be identified in a timely manner. This enables the Solace group to plan and respond accordingly based on sound management and control across all areas of the organisation, including specific operational and cost changes as necessary.

Financial risk management

The charity and its subsidiary use financial instruments comprising cash and debtors. Their main purpose is to finance the working capital cycle of the group. Policies for managing financial risks open to the group are:

Price risk	A range of suppliers are used to ensure market prices are not exceeded. Contracts are used for the supply of a range of goods and services and these are reviewed on a regular basis.
Credit risk	Customers are largely public sector organisations who by their nature are considered 'low risk'. Many are long-standing customers. Effective credit management procedures are also in place.
Interest risk	Returns on cash are maximised through utilising a range of interest bearing bank accounts.
Liquidity risk	A range of bank accounts are used which enable access to funds in line with cash flow projections and to meet financial obligations as and when they fall due. In the event that its operating cash flows do not cover all financial obligations at a specific point in time, Solace In Business Ltd (a wholly owned subsidiary) is able to access arranged overdraft facilities. Group companies have a good relationship with their bankers.

Future Plans

In April 2024 a meeting of the Solace group board discussed and re-confirmed priorities for the coming year. 2024 sees the 50th anniversary of Solace in one guise or another so during the year we will be reflecting on the role and impact of the charity and its predecessors during the last fifty years of local government and also what the future might and should hold for us as an organisation. We will renew our strategic direction and set a course for the organisation that better supports our members and local government as a whole for the next fifty years.

During 2024/25 continued focus on the following organisational purpose, goals and priorities agreed in March 2023 as part of a two-year plan will guide our day-to-day activity.□

Future Plans: 2030 goals

- Set the standard for the learning and development of professional leaders and managers in UK local government
- Be the influential voice in the UK for professional local government
- Be the go-to service for local government's talent management and leadership solutions

Key priorities for 2024/25

Over the final year of our current business plan the goals set out above will be pursued by continuing to focus on the following areas:

- Positively marking the organisation's 50th anniversary by celebrating the impact Solace and its members have had on local government over the past fifty years and reflecting on the sector's, and its leadership profession's, current strengths and challenges
- Engage members in the future direction of Solace and how best we can support the sector and our members into the next fifty years
- Taking action to promote equalities and inclusion and ensure the local government workforce is more representative of those it serves
- Deliver high quality, aspirational support across all our individual services to help unleash the positive power of local government across the UK
- Strengthen Solace's long-term future by maintaining a resilient, commercially viable, learning organisation across all services

Report of the Trustees (continued)
for the year ended
31 March 2024

Key priorities for 2024/25 (cont'd)

Positively marking the organisation's 50th anniversary by celebrating the impact Solace and its members have had on local government over the past fifty years and reflecting on the sector's, and its leadership profession's, current strengths and challenges

The first Solace AGM was held on 6th March 1974 and we hosted our 2024 Annual Dinner shortly after the anniversary date, which provided us with an opportunity to celebrate the past fifty years and the contribution that Solace and its members have made during that time. The dinner was also an opportunity to celebrate all those who have made significant contributions to the sector more generally.

The 2024 Solace Summit will be a future-focused event and explore with the usual selection of high quality speakers from inside and outside of our sector - alongside facilitated discussions - how the next fifty years may develop for the future of the sector and profession.

Engage members in the future direction of Solace and how best we can support the sector and our members into the next fifty years

The anniversary year creates an opportunity for Solace and its members to reflect and discuss the past, present and future of the profession. But it also takes place at a time when a range of challenges are exposing weaknesses in the overall capacity and quality of the profession. Solace has long campaigned for greater emphasis on the professional development of local government leaders, the protection and enhancement of officers' roles in the wider assurance system of the sector, and the need to attract greater numbers into the sector to ensure a strong and diverse pipeline of talent.

We will therefore use the year to further develop our thinking in this area. We have already started working with Government and the Local Government Association and piloted a more comprehensive programme for Chief Executives using the Improvement Grant for England, building on research undertaken for our Leadership Academy project.

This creates a launchpad for wider engagement on the future of the Society and our role in the professional development of our members across the UK, which could deliver a new approach to be launched during the anniversary year. It will also be important that this work links to other work being done on improvement and assurance across the sector.

Taking action to promote equalities and inclusion and ensure the local government workforce is more representative of those it serves

Our equality, diversity and inclusion project will continue to be a priority. Significant progress has been made on a range of specific actions, but we know that significantly more is required including ensuring our approach threads through all Solace external activity and also internally with our employees and associates.□

We have established an outcomes framework which will help raise the profile of our activity, measure progress and hold us and the sector to account. We have also started to publish data and are running our AMPlify programme that specifically supports the development of diverse talent within local government. It is important that the momentum created is not lost and we will continue to prioritise this activity in the years ahead.

Deliver high quality, aspirational support across all our individual services to help unleash the positive power of local government across the UK

While both marking the anniversary and reflecting on Solace's future will take some of our focus, it remains crucial that we also prioritise maintaining and improving the high-quality services we provide to individual members, clients and the sector. It is only because we have steadily built the reputation of Solace to deliver effectively that we can influence Government, other sector stakeholders and individuals to achieve our long-term objectives. As well as maintaining our own standards, this includes working with the most challenged of councils to support them in navigating their journey in circumstance where other commercially focused organisations may not be so able, but also by being open and sharing the learning from those and other councils to develop the sector overall.

We will therefore continue to closely monitor our service provision using the KPI approach that is tried and tested. This includes continuing to evolve the approach to ensure our measures and analysis are insightful, targeted and proportionate. Increased levels of engagement with members also provides an opportunity to respond to feedback and adapt our approach in the short as well as longer term, to better suit our customers needs.

**Report of the Trustees (continued)
for the year ended
31 March 2024**

Strengthen Solace's long-term future by maintaining a resilient, commercially viable, learning organisation across all services

While our pursuit of quality remains a priority, this is intertwined with the organisation's financial stability. In recent years Solace has been able to strengthen its financial position significantly and create a context which has enabled us to ride commercial challenges positively. The group's reserves and cashflow positions have also enabled choices and actions such as our investment in a programme manager to lead our diversity and inclusion activity. This priority and approach will continue to ensure we are able to continue to make choices in the future.

But our resilience is not just financial and the Covid-19 pandemic in particular has demonstrated the importance of our workforce. They responded resourcefully and positively to the challenges and enabled us to navigate our way through that challenging period. Recruitment and retention remain the most significant risks to the business and we are responding by investing significantly more in training and development and more regularly and consistently engaging our employees. Our new office accommodation has been a significant step forward and provides an important arena for engagement and cross-working to take place.

Structure, Governance and Management

Governing document

The charity is controlled by its governing document (a deed of trust dated 9 January 1986), and constitutes a company limited by guarantee (incorporated in England & Wales). It is governed by Memorandum and Articles of Association which were last amended and ratified by the company in general meeting on 17 October 2018.

Organisational structure

The charity is governed by directors who are also the trustees of the charity, as listed on page 7. The directors are responsible for administering the funds in accordance with the Trust Deed.

The directors meet a minimum of four times a year, to set organisational strategy and business plans and to review operational and financial performance. When carrying out their governance duties for the charity, the directors have regard for the guidance on public benefit published by the Charity Commission.

Day to day responsibility for running the charity is delegated to the Managing Director and senior executive staff, based on appropriate schemes of delegation determined by the directors.

Recruitment and appointment of new directors

Directors of the charity are identified from within the membership and appointed at the Annual General Meeting.

Third party indemnity provision for directors

The charity has third party indemnity insurance in place covering all directors of the charity.

Induction and training of new directors

New directors receive an induction programme which includes information and guidance on the liabilities and responsibilities of company directors and charity trustees, a copy of the Memorandum and Articles of Association and background information relating to budgets, forward plans and details of previous key decisions.

Disability and equality policy

All applicants for positions with the charity are given full and fair consideration. Employment, training and general policies are applied equally to all affected individuals.

Pay policy for senior staff

The directors consider that the board of directors (who are the charity's trustees) and the executive heads of service comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

All non-executive directors give of their time freely in that capacity and no director received remuneration during the year (2023: £nil) in connection with their appointment or duties as a director of the charity. Details of directors' expenses are provided in note 11 to the financial statements.

Report of the Trustees (continued)
for the year ended
31 March 2024

Pay policy for senior staff (cont'd)

Staff pay is reviewed annually. Recommendations relating to senior staff and executive directors are considered by the non-executive directors on the Board or by a sub-committee of non-executive directors and relevant advisors. Any agreed pay increase would generally be based on consideration of a range of potential influencing factors, such as inflation measures and public sector pay awards. Market rates for comparable roles are also periodically considered, particularly as part of recruitment activities.

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows:

Key management personnel: Trustees and Directors of
The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd

Specified elected roles:

<i>Chair:</i>	G L Jones
<i>Finance lead:</i>	A J Steven
<i>Solicitor/Company Secretary:</i>	R A L McKoy
<i>President:</i>	M V Prosser
<i>SIB Chair:</i>	R E Hyde

Other elected non-executive directors:

J Burns		N S A Hussain-Duke	
G K Doe	(appointed 1 November 2023)	B M K Marjoram	(appointed 1 November 2023)
C Elliott	(appointed 1 November 2023)	C D Naylor	
S H Fitzgerald		D V Plank	
D E Forrester-Brown	(resigned 19 October 2023)	E Rogers	
P R Frainer		J L Roney	
S J Garner	(appointed 1 November 2023)	J R Rowlands	(resigned 16 June 2023)
S K Hall		S L Sanders	(resigned 19 October 2023)
S P Hanson	(appointed 1 November 2023)	D R Thomas	
A M Hill		R G S Weaver	

Employed executive director:

G V McDonald

Key management personnel: Senior managers of
The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd

Managing Director	G V McDonald
Director of Corporate Resources	S R P Chambers
Director of Engagement	J A Howarth
Director of Learning	T I Birtwell
Director of Policy, Partnerships & Public Affairs	A J B Thomson

Key management personnel: Senior managers of Solace In Business Ltd

Business Development Director	T J McDougall
Director of Executive Resourcing & Assessment	S J Guest
Director of Interim Management	J K Mullinger

Our advisers

Auditors	SMH Jolliffe Cork Audit Ltd, 33 George Street, Wakefield WF1 1LX
Bankers	Lloyds Bank plc, 27-31 White Hart Street, High Wycombe, HP11 2HL National Westminster Bank Plc, 23 Uplands Crescent, Swansea SA2 0NY

Report of the Trustees (continued)
for the year ended
31 March 2024

Reference and administrative details

Company number	4053417
Charity number	1084419
Registered office	Ground Floor, 2 Red Hall Court Wakefield West Yorkshire WF1 2UN

Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also the directors of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to the auditor

In so far as the trustees are aware at the time of approving the trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the trustees on 20 September 2024



G L Jones
Trustee

**Independent Auditor's Report to the Members and Trustees of
The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd**

**for the year ended
31 March 2024**

Opinion on financial statements

We have audited the financial statements of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated and the Parent Charity Balance Sheet, the Consolidated Cash Flow Statement and the related notes. 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 group's and the parent charitable company's affairs as at 31 March 2024, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

**for the year ended
31 March 2024**

Matters on which we are required to report by exception

In light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group through discussions with the trustees and other informed management which we considered may have a direct material effect on the financial statements or the operations of the group and thereafter, the audit team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud and considered the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

**Independent Auditor's Report to the Members and Trustees of
The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd (continued)**

**for the year ended
31 March 2024**

The extent to which the audit was considered capable of detecting irregularities including fraud (cont'd)

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias and investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims and reviewing correspondence with the group's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the charitable company's members and trustees, 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 and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Claire Lawton FCA DChA (Senior Statutory Auditor)
for and on behalf of
SMH Jolliffe Cork Audit Ltd
Chartered Accountants and Statutory Auditor
33 George Street
Wakefield, WF1 1LX

 October 2024

The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd

Consolidated Statement of Financial Affairs (including consolidated income and expenditure account)
for the year ended
31 March 2024

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
INCOME							
Donations		2,000	-	2,000	-	-	-
Income from charitable activities	4	2,753,684	529,404	3,283,088	2,212,356	235,514	2,447,870
<i>Income from other activities</i>							
Commercial trading operations	5	7,964,657	-	7,964,657	8,152,422	-	8,152,422
Income from investments	6	24,423	-	24,423	5,913	-	5,913
Total income		10,744,764	529,404	11,274,168	10,370,691	235,514	10,606,205
EXPENDITURE							
<i>Cost of raising funds</i>							
Investment management costs	7	2,350	-	2,350	2,346	-	2,346
Commercial trading operations	5	7,389,470	-	7,389,470	7,366,849	-	7,366,849
<i>Expenditure on charitable activities</i>							
Education & Training	9	2,527,647	483,692	3,011,339	2,178,531	310,239	2,488,770
Membership services	9	930,518	-	930,518	747,615	-	747,615
Loss on disposal of fixed assets		-	-	-	-	-	-
Total expenditure		10,849,985	483,692	11,333,677	10,295,341	310,239	10,605,580
Net income / (expenditure) before transfers		(105,221)	45,712	(59,509)	75,350	(74,725)	625
Gross transfers between funds		-	-	-	-	-	-
Net income / (expenditure) before recognised gains / (losses)		(105,221)	45,712	(59,509)	75,350	(74,725)	625
Other recognised gains / (losses)							
Unrealised gains / (losses) on investments		11,900	-	11,900	(13,278)	-	(13,278)
Net movement in funds for the year		(93,321)	45,712	(47,609)	62,072	(74,725)	(12,653)
Reconciliation of funds							
Total funds b/fwd	20	1,435,325	363,042	1,798,367	1,373,253	437,767	1,811,020
Total funds c/fwd	20	1,342,004	408,754	1,750,758	1,435,325	363,042	1,798,367

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

The notes on pages 15 to 23 form an integral part of these financial statements.

The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd

Consolidated Balance Sheet
as at
31 March 2024

	Notes	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Fixed assets					
Tangible assets	12	156,658	105,876	86,920	58,048
Investments	13	157,496	145,293	219,530	207,327
Total Fixed Assets		<u>314,154</u>	<u>251,169</u>	<u>306,450</u>	<u>265,375</u>
Current assets					
Debtors	14	2,106,503	1,834,066	495,866	389,252
Cash at bank and in hand		1,541,497	1,730,820	1,500,610	1,488,400
Total Current Assets		<u>3,648,000</u>	<u>3,564,886</u>	<u>1,996,476</u>	<u>1,877,652</u>
Creditors: falling due within one year	15	2,210,761	2,012,065	1,008,327	897,562
Net current assets		<u>1,437,239</u>	<u>1,552,821</u>	<u>988,149</u>	<u>980,090</u>
Total assets less current liabilities		1,751,393	1,803,990	1,294,599	1,245,465
Provisions for liabilities and charges	16	635	5,623	-	-
Net Assets		<u><u>1,750,758</u></u>	<u><u>1,798,367</u></u>	<u><u>1,294,599</u></u>	<u><u>1,245,465</u></u>
The funds of the charity					
Unrestricted income funds	20	1,342,004	1,435,325	885,845	882,423
Restricted income funds	20	408,754	363,042	408,754	363,042
Total charity funds		<u><u>1,750,758</u></u>	<u><u>1,798,367</u></u>	<u><u>1,294,599</u></u>	<u><u>1,245,465</u></u>

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The financial statements were approved by the Trustees on 20 September 2024 and signed on their behalf by:



G L Jones
Trustee

The notes on pages 15 to 23 form an integral part of these financial statements.

Statement of Cash Flows and Consolidated Statement of Cash Flows
as at
31 March 2024

	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Cash flows from operating activities				
Net movement in funds for the year	(47,609)	(12,653)	49,134	(38,041)
Adjustments for:				
Depreciation	63,522	59,925	40,173	37,401
Unrealised investment (gains) / losses	(11,900)	13,278	(11,900)	13,278
Re-invested dividend income	(2,653)	(2,371)	(2,653)	(2,371)
Fees netted off investment portfolio	2,350	2,346	2,350	2,346
Interest received	(21,770)	(3,542)	(19,790)	(1,907)
Loss / (gain) on disposal of fixed assets	3,475	-	-	-
Decrease / (increase) in debtors	(272,437)	(468,615)	(106,614)	(52,714)
Increase / (decrease) in creditors	198,696	255,267	110,765	109,122
Increase / (decrease) in provisions	(4,988)	(64,066)	-	-
Cash generated from / (used in) operating activities	(93,314)	(220,431)	61,465	67,114
Cash flows from investing activities				
Interest received	21,770	3,542	19,790	1,907
Fixed asset purchases	(117,779)	(17,527)	(69,045)	(5,438)
Released from managed portfolio	-	-	-	-
Cash provided by / (used in) investing activities	(96,009)	(13,985)	(49,255)	(3,531)
Cash flows from financing activities	-	-	-	-
Increase / (decrease) in cash and cash equivalents in the year	(189,323)	(234,416)	12,210	63,583
Cash and cash equivalents at the beginning of the year	1,730,820	1,965,236	1,488,400	1,424,817
Cash and cash equivalents at the end of the year	1,541,497	1,730,820	1,500,610	1,488,400

Notes to the Consolidated Financial Statements
for the year ended
31 March 2024

1 Accounting policies

1.1 Basis of preparation

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) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The charity's functional and presentation currency is the pound sterling £. All financial information presented has been rounded to the nearest £, unless otherwise stated.

1.2 Basis of consolidation

The group financial statements consolidate the results of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd and its subsidiary Solace In Business Ltd.

Subsidiary undertakings are included using the acquisition method of accounting. Under this method the group net incoming resources include the results of subsidiaries from the date of acquisition and to the date of sale outside the group in case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

The trustees have taken advantage of the exemption afforded by section 408 of the Companies Act 2006 and a separate Statement of Financial Activities and income and expenditure account for the charity has therefore not been presented.

1.3 Going concern

The financial statements have been prepared on a going concern basis. In preparing the accounts the trustees have considered possible risks, events or conditions that might cast significant doubt on the ability of the charitable company to continue as a going concern and therefore on the appropriate use of the going concern basis.

Regularly monitoring the operational and financial performance of the charity and its subsidiary is part of the routine activities of executive management (monthly) and of the separate company boards (quarterly). This includes detailed management accounts and the analysis of pipeline activity (income and margins), together with performance indicators ranging from opportunity conversion rates to customer satisfaction across all areas of activity. Financial forecasts for the period through to 31 August 2025 have - together with current reserves, cash balances and available overdraft facilities - also been reviewed as part of that regular monitoring activity. Based on such reviews and related enquiries, the trustees have concluded that there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future and therefore they have continued to adopt the going concern basis in preparing its financial statements.

1.4 Fixed assets

- a) Fixed assets are initially recorded at historic cost.
- b) Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets except freehold land, over their expected useful lives. It is calculated at the following rates:

Improvements to short leasehold property	Over the term of the lease
Fixtures & Fittings	25% on reducing balance
Computer equipment	20% or 33% on cost

1.5 Fixed Asset investments

Investments in subsidiaries are stated at historical cost less provision for diminution in value. Other investments are stated at fair value.

1.6 Income recognition

- a) Income from charitable activities (including trading) in the form of services is recognised in the relevant period(s) in which the activity takes place or is earned. Activity income received in advance is deferred until entitlement to the income has arisen at which time it is credited to the Statement of Financial Activities.

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2024

1.6 Income recognition (cont'd)

- b) Donations and voluntary income are accounted for when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.
- c) Grant funding received for a specified area of the charity's work or for a specific purpose is accounted for as restricted funds. Grants received without restriction are recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.
- d) Investment income is recognised on an accruals basis.

1.7 Gift aid distribution from subsidiary company to parent charity

Profits over and above those needed to meet the working capital requirements of subsidiary companies are transferred to the parent charity by way of a gift aid distribution. As no legal obligation exists, the distributions in respect of the current and comparative year represent amounts paid as at the balance sheet date.

1.8 Expenditure

- a) All expenditure is accounted for on an accruals basis. VAT is recovered on relevant expenditure. Irrecoverable VAT is included within the relevant expense of the charity in the year in which it is incurred.
- b) Activities in furtherance of the charity's objectives include the direct costs of staff and property together with the costs of projects and activities.
- c) The trustees consider that management and administration costs of the charity are not material when taken in the context of amounts spent on charitable activities. All members of staff have been active in fulfilling the objectives of the charity.

1.9 Support costs

Support costs relate to functions that assist the work of the charity but do not directly undertake charitable activities. They include back office, finance, personnel, payroll and governance costs (e.g. the preparation and examination of the statutory accounts, the costs of directors meetings and the cost of legal advice on constitutional matters). The bases on which support costs have been allocated are set out in note 10.

1.10 Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.11 Pensions

The charity operates a defined contribution pension scheme. Contributions are recognised in the Statement of Financial Activities in the period in which they become payable in accordance with the rules of the scheme.

1.12 Fund accounting

The charity has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

- | | |
|---------------------------|--|
| Unrestricted funds | - Funds are expendable at the discretion of the trustees in furtherance of the objects of the charity. |
| Restricted funds | - Restricted funds can only be used for particular restricted purposes within the objectives of the charity. These arise when funds are subject to specific restrictive conditions imposed by funders/donors or by the purpose of the grant. |
| Designated funds | - The trustees may at their discretion set aside unrestricted funds for specific purposes. |

2 Legal status and control

The charity is a company limited by guarantee. All members have agreed to contribute an amount not exceeding £1 each to the assets of the company in the event of it being wound up.

The charity is controlled by its members. Membership of the charitable company is open to individuals designated as senior officers of local authorities in England, Scotland, Wales, Northern Ireland, the Channel Islands and the Isle of Man. Membership is also open to senior officers of any other board, authority or committee exercising local government or public service functions in any of the indicated geographic areas.

Elected members of local authorities are not eligible to for membership of the charitable company, notwithstanding that they may be otherwise qualified.

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2024

3 Financial performance of the charity

The Consolidated Statement of Financial Activities includes the results of the charity's wholly owned subsidiary company (note 5), which provides Interim placement and executive recruitment services. The summary financial performance of the charity alone is as follows:

	Unrestricted Funds £	Restricted Funds £	Total 2024 £	Total 2023 £
Donations	2,000	-	2,000	-
Gift aid distribution from trading subsidiary (note 5)	673,910	-	673,910	761,820
Income from investments	22,443	-	22,443	4,278
Income from charitable activities	2,753,684	529,404	3,283,088	2,447,870
	3,452,037	529,404	3,981,441	3,213,968
Investment management fees	(2,350)	-	(2,350)	(2,346)
Expenditure on charitable activities	(3,458,165)	(483,692)	(3,941,857)	(3,236,385)
Net income	(8,478)	45,712	37,234	(24,763)
Unrealised gains / (losses) on investments	11,900	-	11,900	(13,278)
Total funds brought forward	882,423	363,042	1,245,465	1,283,506
Total funds carried forward	885,845	408,754	1,294,599	1,245,465
Represented by:				
Restricted income funds			408,754	363,042
Unrestricted income funds			885,845	882,423
			1,294,599	1,245,465

	Unrestricted £	Restricted £	Total Funds 2024 £	Total Funds 2023 £
4 Income from charitable activities				
Education and training	2,195,845	515,000	2,710,845	1,906,592
Membership activities	557,839	14,404	572,243	541,278
	2,753,684	529,404	3,283,088	2,447,870

Restricted income relating to education and training represents grant funding received in relation to specified activities.

5 Income from commercial trading operations

The charity has one wholly owned trading subsidiary, Solace In Business Ltd (note 13), which is incorporated in England and Wales and provides recruitment services to the public sector. Profits over and above those needed to meet the working capital requirements of the subsidiary are transferred to the charity by way of a gift aid distribution. The distribution amounts stated below are the total sums paid across within the relevant financial year.

The summary financial performance of the subsidiary alone is as follows:	2024 £	2023 £
Turnover	7,964,657	8,152,422
Cost of sales and administration costs	(7,394,458)	(7,374,036)
Exceptional costs	-	6,467
Interest receivable	1,980	1,635
Net profit	572,179	786,488
Taxation	4,988	720
Profit for the financial year	577,167	787,208
Gift aid distribution to parent charity	(673,910)	(761,820)
Retained in subsidiary	(96,743)	25,388

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2024

5 Income from commercial trading operations (cont'd)

	2024	2023
	£	£
The assets and liabilities of the subsidiary were:		
Fixed assets	69,758	47,848
Current assets	1,654,696	1,692,787
Current liabilities	(1,205,630)	(1,120,080)
Provisions for liabilities and charges (note 16)	(635)	(5,623)
Total net assets	<u>518,189</u>	<u>614,932</u>

6 Investment income

	2024	2023
	£	£
Dividends	2,653	2,371
Bank and other interest	21,770	3,542
	<u>24,423</u>	<u>5,913</u>

7 Investment management costs

	2024	2023
	£	£
Portfolio management	<u>2,350</u>	<u>2,346</u>

8 Staff costs and numbers

	2024	2023
	£	£
Salaries	2,022,785	1,779,099
Social security costs	182,009	179,232
Pension costs	125,287	114,987
	<u>2,330,081</u>	<u>2,073,318</u>

The average monthly number of employees during the year was as follows:

	Number	Number
	2024	2023
Executive directors	1	1
Other staff	50	45
	<u>51</u>	<u>46</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2024

9 Expenditure on charitable activities	Education & Training £	Membership Services £	Total 2024 £
Governance costs (note 10)	38,764	22,140	60,904
Support costs (note 10)	915,287	480,887	1,396,174
Direct delivery	1,776,314	299,323	2,075,637
Central premises	36,244	18,127	54,371
IT support and consumables	76,180	24,339	100,519
Communications	-	-	-
Depreciation	29,314	10,858	40,172
Travel & subsistence	20,132	11,514	31,646
Irrecoverable VAT	93,200	10,302	103,502
Marketing	2,425	2,800	5,225
Bank interest and transaction charges	2,278	844	3,122
International relationships and support	-	10,684	10,684
Other costs	21,201	38,700	59,901
	3,011,339	930,518	3,941,857

Expenditure on charitable activities was £3,941,857 (2023: £3,236,385) of which £3,458,165 was unrestricted (2023: £2,926,146) and £483,692 was restricted (2023: £310,239).

10 Governance and support costs

	Basis of apportionment	Support costs £	Governance £	Total 2024 £	Total 2023 £
Salaries and related costs	Staff roles and time allocation	1,392,607	36,190	1,428,797	1,308,448
Audit fee	Invoice description	-	8,210	8,210	8,514
Other professional and legal fees	Invoice description	460	13,469	13,929	10,211
Board running costs	Invoice description	-	3,035	3,035	561
Sundry expenses	Invoice description	3,107	-	3,107	7,856
		1,396,174	60,904	1,457,078	1,335,590

11 Staff costs, trustee remuneration and expenses, and the cost of key management personnel

The key management personnel of the group and the parent charity comprise the trustees and senior managers whose names are listed on page 7. Total remuneration and employee benefits for key management personnel amounted to £764,909 (2023: £749,146) including pension contributions of £56,363 (2023: £56,414). This includes one trustee, G McDonald (2023: one trustee - G McDonald) who received remuneration relating to their contract of employment with the charity or its subsidiary.

The number of employees earning more than £60,000 per annum (including related pension contributions) is:

	Group 2024	Group 2023	Charity 2024	Charity 2023
Between £60,001 and £70,000	-	-	-	-
Between £70,001 and £80,000	1	1	-	-
Between £80,001 and £90,000	3	3	1	1
Between £90,001 and £100,000	2	2	2	2
Between £100,001 and £110,000	1	1	-	-
Between £110,001 and £120,000	-	-	-	-
Between £120,001 and £130,000	1	1	1	1

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2024

11 Staff costs, trustee remuneration and expenses, and the cost of key management personnel (cont'd)

During the year ended 31 March 2024 no trustee (2023: no trustee) received remuneration or benefits from the charity for acting as, or in connection with, their appointment as a trustee of the charity. During the year one non-executive trustee (2023: three trustees) was reimbursed expenses totalling £7,776 (2023: £11,138) including £7,542 (2023: £10,794) relating to representing the organisation at international partner events.

12 Tangible fixed assets

Group	Improvements to short leasehold to property £	Fixtures and fittings £	IT infrastructure £	Computer equipment £	Total £
Cost					
At 1 April 2023	-	-	244,907	43,096	288,003
Additions	43,560	28,888	39,317	6,014	117,779
Disposals	-	-	(13,030)	(6,931)	(19,961)
At 31 March 2024	<u>43,560</u>	<u>28,888</u>	<u>271,194</u>	<u>42,179</u>	<u>385,821</u>
Depreciation					
At 1 April 2023	-	-	157,407	24,720	182,127
Charge for the year	1,766	3,009	48,790	9,957	63,522
Disposals	-	-	(9,555)	(6,931)	(16,486)
At 31 March 2024	<u>1,766</u>	<u>3,009</u>	<u>196,642</u>	<u>27,746</u>	<u>229,163</u>
Net book value					
At 31 March 2024	<u>41,794</u>	<u>25,879</u>	<u>74,552</u>	<u>14,433</u>	<u>156,658</u>
At 31 March 2023	<u>-</u>	<u>-</u>	<u>87,500</u>	<u>18,376</u>	<u>105,876</u>
Charity					
	Improvements to short leasehold to property £	Fixtures and fittings £	IT infrastructure £	Computer equipment £	Total £
Cost					
At 1 April 2023	-	-	172,833	11,867	184,700
Additions	43,560	-	19,471	6,014	69,045
Disposals	-	-	-	-	-
At 31 March 2024	<u>43,560</u>	<u>-</u>	<u>192,304</u>	<u>17,881</u>	<u>253,745</u>
Depreciation					
At 1 April 2023	-	-	120,482	6,170	126,652
Charge for the year	1,766	-	34,617	3,790	40,173
Disposals	-	-	-	-	-
At 31 March 2024	<u>1,766</u>	<u>-</u>	<u>155,099</u>	<u>9,960</u>	<u>166,825</u>
Net book value					
At 31 March 2024	<u>41,794</u>	<u>-</u>	<u>37,205</u>	<u>7,921</u>	<u>86,920</u>
At 31 March 2023	<u>-</u>	<u>-</u>	<u>52,351</u>	<u>5,697</u>	<u>58,048</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2024

13 Investments	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Listed investments (managed portfolio)	157,496	145,293	157,496	145,293
Investment in subsidiaries	-	-	62,034	62,034
	<u>157,496</u>	<u>145,293</u>	<u>219,530</u>	<u>207,327</u>

Investment in subsidiaries

Subsidiary company	Solace In Business Ltd, registered in England & Wales (Company No. 3150254)		
Nature of business	Interim placement and executive recruitment		
Number, class and percentage of shares held	19 ordinary	(100%)	
Net assets at 31 March 2024	£518,189		

The activities and results of this subsidiary company are summarised in note 5.

Subsidiary company	SEL Business Services Limited, registered in England & Wales (Co. No. 8704424)		
Nature of business	Dormant		
Number, class and percentage of shares held	20 ordinary	(100%)	
Net assets at 31 March 2024	£20		

Listed investments (managed portfolio)	Total
	£
Market value	
At 1 April 2023	145,293
Additions	2,653
Revaluations	11,900
Management fees	(2,350)
Reclassification / transfer	-
At 31 March 2024	<u>157,496</u>
Net book value	
At 31 March 2024	<u>157,496</u>
At 31 March 2023	<u>145,293</u>

There are no investment assets outside the UK

14 Debtors	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Trade debtors	1,580,421	1,356,033	375,768	242,963
Other debtors	-	318	-	318
Amounts owed by group undertakings	-	-	3,174	-
Prepayments and accrued income	526,082	477,715	116,924	145,971
	<u>2,106,503</u>	<u>1,834,066</u>	<u>495,866</u>	<u>389,252</u>

15 Creditors	Group		Charity	
	2024	2023	2024	2023
	£	£	£	£
Amounts falling due within 1 year:				
Trade creditors	1,168,729	676,290	404,319	144,288
Other creditors	21,126	19,806	12,260	11,313
Corporation tax	-	-	-	-
Social security and other taxes	216,605	258,065	93,620	92,023
Amounts owed to group undertakings	-	-	-	5,557
Accruals and deferred income	804,301	1,057,904	498,128	644,381
	<u>2,210,761</u>	<u>2,012,065</u>	<u>1,008,327</u>	<u>897,562</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2024

16 Provisions for liabilities and charges

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

The trading subsidiary, Solace In Business Ltd, is not exempt from taxation (see note 5). Taxation for the year comprises current and deferred tax. Current tax is recognised at the amount of tax payable using the rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, as set out below:

	Group 2024 £	2023 £
Deferred tax	635	5,623
	<u>635</u>	<u>5,623</u>
Accelerated capital allowances:	Deferred tax £	
At 1 April 2023	5,623	
Movement in year	(4,988)	
At 31 March 2024	<u>635</u>	

17 Financial instruments

Solace In Business Ltd, a wholly owned subsidiary of the charity, has access to an approved overdraft facility of £150,000 available through National Westminster Bank Plc. That facility is covered by a debenture in the bank's standard form, dated 27 August 2024, providing a floating charge over all property and assets of the subsidiary company. There is no guarantee provided by the charity in connection with the indicated facility. At 31 March 2024 the unpaid balance drawn down against this facility was £nil.

18 Operating leases

As at 31 March 2024 commitments under non-cancellable operating leases were as follows:

Group	Land & Buildings 2024 £	Other 2024 £	Land & Buildings 2023 £	Other 2023 £
Due within one year	40,000	4,657	-	-
Due within two to five years	150,000	-	-	-
Due over 5 years	173,333	-	-	-
	<u>363,333</u>	<u>4,657</u>	<u>-</u>	<u>-</u>
Charity	Land & Buildings 2024 £	Other 2024 £	Land & Buildings 2023 £	Other 2023 £
Due within one year	40,000	-	-	-
Due within two to five years	150,000	-	-	-
Due over 5 years	173,333	-	-	-
	<u>363,333</u>	<u>-</u>	<u>-</u>	<u>-</u>

19 Pensions schemes

Defined contribution pension scheme

The charitable group operates a defined contribution pension scheme for the benefit of all employees. Contributions to the scheme for the year ended 31 March 2024 amounted to £125,287 (2023: £114,987). This includes accrued contributions of £21,126 (2023: £19,806) included in other creditors (note 15).

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2024

20 Funds	Balance at 1 April 2023 £	Net incoming Resources £	Transfers £	Balance at 31 March 2024 £
Unrestricted				
General	1,120,261	(69,885)	-	1,050,376
Designated	315,064	(23,436)	-	291,628
	<u>1,435,325</u>	<u>(93,321)</u>	<u>-</u>	<u>1,342,004</u>
Restricted				
Managerial leadership	206,205	135,080	58,900	400,185
Coaching & Mentoring	78,600	(18,900)	(58,900)	800
Sector research	43,747	(35,978)	-	7,769
Skills training	34,490	(34,490)	-	-
	<u>363,042</u>	<u>45,712</u>	<u>-</u>	<u>408,754</u>

Designated funds:

The directors have identified that certain unrestricted funds should be ring-fenced as follows:

- Branch reserves - representing the historic surplus or deficit accumulated through various geographically based activities covering Solace Group members in Scotland, Wales, Northern Ireland and certain English regions.

Restricted funds:

- Managerial leadership grant funding received to subsidise the formulation and delivery of tailored programmes which support public sector leaders and strategic managers in the development of their people and organisations to meet current and future sector challenges, demands and opportunities.
- Grant funding to provide subsidised coaching and mentoring for local authority senior managers.
- Grant funding to enable sector research and educational events for local authority senior managers on key areas of public policy such as health and ethnicity, diversity and inclusion.

Sufficient cash resources are held to enable each of the identified funds to be applied without any restrictions.

21 Analysis of Group net assets between funds

Funds balances at 31 March 2024 are represented by:	Unrestricted £	Designated £	Restricted £	Total £
Tangible fixed assets	156,658	-	-	156,658
Investments	157,496	-	-	157,496
Current assets	2,947,618	291,628	408,754	3,648,000
Creditors: amounts falling due within 1 year	(2,210,761)	-	-	(2,210,761)
Provisions for liabilities and charges	(635)	-	-	(635)
	<u>1,050,376</u>	<u>291,628</u>	<u>408,754</u>	<u>1,750,758</u>

22 Capital commitments

Capital amounts contracted at 31 March 2024 but not provided for in these financial statements amounted to £nil for the group and charitable company (2023: £nil).

23 Related Party Transactions

During the year ended 31 March 2024 the charity received a gift aid distribution of £673,910 (2023: £761,820) from Solace In Business Ltd (note 5).

Throughout the year to March 2024 the charity made a cash facility available to Solace In Business Ltd (a wholly owned subsidiary) to draw down and repay on a flexible basis. Interest was charged at 5% on month-end balances. The maximum amount loaned to Solace In Business Ltd during the year was £185,000 and at 31st March 2024 the unpaid amount outstanding was £nil.

Other related party transactions made by the charity during the year ended 31 March 2024 were:

- B Marjoram, a trustee of the charity, received payment of £2,275 (2023: £nil) from the charity for professional services supplied.

Accounts

Registered charity number: 1084419
Company number (registered in England & Wales): 04053417

The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd
(a company limited by guarantee)

Consolidated financial statements
for the year ended
31 March 2023

**Consolidated financial statements
for the year ended
31 March 2023**

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**Report of the Trustees
for the year ended
31 March 2023**

The trustees present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2023 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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 (FRS102) (effective 1 January 2019).

Objectives and activities

Objects

The objects of the charity are: "To promote any charitable purpose in particular the relief of poverty, sickness and distress, the advancement of education, the preservation and protection of health, the provision of public works and services and public amenities and facilities for recreation or other leisure time occupation in the interests of social welfare, particularly through the promotion of efficiency and good practice in local government."

The charity's governing documents permit it to do anything lawful that is deemed necessary to promote its objects, including (inter alia): employing staff; promoting, encouraging or undertaking study or research or disseminating the results of such; producing, printing and publishing anything in written, oral or visual media in furtherance of the objects; providing or procuring the provision of services, training, consultancy, advice, support, counselling and guidance in furtherance of the objects or any of them; promoting and supporting such legislative, social and administrative reform as may assist the charity's objects; and, entering into any arrangements with any governments, authorities or any person, company or association necessary to promote any of the charity's objects.

Aims and purpose

Strategic aims of the charity are focused on:

- providing opportunities for local public service leaders to **learn, develop** and to **network** with each other and with contemporaries from other areas of public life;
- **influencing** debates about the future of public services, to ensure that **policy** is informed by the experience and expertise of our members;
- building the **integrity** and **reputation** of public service management; and
- supporting local public services to **recruit and place** the brightest and best to their leadership roles.

The Solace group's purpose is:

- to enable places to thrive by releasing the power and voice of people working in local public services

Achievements and performance

The year to March 2023 saw the Solace group continue its path of steady, sustainable growth. A positive year commercially for the subsidiary company, Solace In Business, enabled the charity to expand its provision to the sector and support for individual members. The organisation has been transformed in the past few years with a growing capacity to make a recognisable impact on the health of the local government sector and success of its individual members.

Professional membership of Solace increased by 159, or over 10%, during 2022/23 giving more local government employees access to the support that Solace is able to provide. We have also worked positively with our strategic partners, including the Local Government Association, to build our and the sector's capacity, while our strong commercial success has ensured a stable financial foundation on which to build both our current provision and future ambitions.

Policy

Solace continues to act as an important source of local government insight for the national Government. Through Solace's President and our policy leads, during the past year we were able to ensure local government's professional voice was heard clearly as important decisions were being made in Whitehall. We also had ministers, shadow ministers and civil servants attending our policy board, which meets monthly and provides an important sounding board for stakeholders as well as each other.

**Report of the Trustees (continued)
for the year ended
31 March 2023**

Achievements and performance (cont'd)

Engagement with Government resulted in over 200 meetings during the year, as well as over 500 meetings with other stakeholders. Engagement levels were maintained throughout the year and enabled us to influence Government and other key stakeholders on longer term issues, as well as on the immediate response to critical issues as they emerged. Simultaneously, Solace still regularly contributed within sector and national media. This enables us to create a wider influence and ensure that the professional voice of local government is still heard. Solace contributed 35 media articles across the year, as well as 110 press mentions.

Member Engagement

The Covid-19 pandemic has had a lasting impact on our events programme with a change in working patterns impacting face-to-face events. Although 2022/23 saw a significant increase in events attendance compared to the prior year with 1,625 attending face-to-face activity, these numbers remain below our historic highs set in the period before the pandemic. Commercial sponsorship income has recovered well and supports the long term viability of our events programme.

The support that Solace provides to individual members in their development has increased significantly in recent years. Last year we supported 232 individuals in coaching, organised action learning sets and facilitated appraisals and also ran tailored one-day in-house courses for 268 attendees.

Leadership development

The charity also supported the learning of 1,266 individuals (up from 966 in the previous year) as part of our organisational development activity across 51 organisations. Overall, our most significant leadership development programmes during the year included:

- Launch of the new AMPLify programme aimed at ensuring a diversity of senior managers and leaders across our sector are empowered to progress in their careers, ensuring they can flourish and that their abilities are recognised and nurtured in their councils.
- Continuation of the national graduate development programme, which introduces high quality graduates to a career in local government.
- The tenth year of our Springboard programme for talented aspiring leaders from across the UK.
- The eighth year of Total Leadership, an innovative partnership between Solace and the University of Birmingham bringing the best of academic rigor together with practical hands-on experience to create a career defining learning experience for Executive Leaders.
- Another two cohorts of our Ignite programme for experienced council chief executives.
- Continued expansion of our regional apprenticeship programme in leadership and management despite the challenges of the pandemic, with a three-day Ofsted inspection of our apprenticeship provision in early 2023 resulting in a 'Good' rating across all areas.

Recruitment support

Interim and permanent recruitment activity of the trading subsidiary, Solace In Business, in the year to March 2023 provided £600,000 (out of a total Solace In Business donation of £761,820) to help support Solace's charitable aims - the largest donation ever made to the charity from that area of activity.

Solace In Business complements the aims and objectives of the charity by being grounded in public service values and through its placement of quality resources into the local government sector. The social enterprise model enables it to shape the market – for example in areas such as gender equality and wider diversity challenges – in a manner not replicated by competitors. It also plays an important role supporting the local government sector's pipeline of future leaders by shaping elements of our leadership offer and helping ensure our overall activity is focused in areas where the sector requires additional support.

These non-financial benefits remain an important addition to the financial contribution which has enabled Solace to grow the breadth and depth of its support to individual members and also contribute to the wider improvement of the local government sector.

Key performance indicators

In addition to detailed management accounts, a range of indicators are used by the trustees and executive management to monitor and direct activities as appropriate. These include monthly reporting and discussion of key operational and impact measures for each area of the group, refreshed annually as part of the business planning and budgeting process dependent on the agreed focus for each area for the relevant period(s). Examples include: income and margins; sickness absence; membership renewals and additions; number of learners supported; number of organisations worked with; conversion rates for tendered activity; associates utilisation; customer satisfaction; and, website and social media performance (viewings, click throughs and interactions).

Report of the Trustees (continued)
for the year ended
31 March 2023

Public Benefit

The stated purpose of Solace is '*to help unleash the positive power of local government*'. On that foundational premise, the aims and activity of the charity provide benefits to the public through a variety of means, including:

- the promotion of efficiency and good practice in local government to facilitate better provision of public works, services and amenities in the interests of social welfare;
- the promotion of knowledge, skills and competence amongst its members - being individuals wholly or mainly employed as local authority chief executives and senior managers; and
- promoting the cause of local government, including parliamentary lobbying and influence on policy discussions and decision-making.

These benefits have this year been primarily achieved through the achievements, performance and activities highlighted in this Report of the Trustees.

In the furtherance of these aims the directors have complied with the duty in s.4 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirements under that Act.

Financial Review

Investment policy

Investment powers are governed by the Articles of Association. Currently there are no investment restrictions in place and the investment objectives are: a balance of capital growth and income from investments; and, an overall medium tolerance of risk. The investment is therefore held in a mixture of medium to high risk investment portfolios. Financial gains from the current investments are automatically reinvested.

Investment performance

Evelyn Partners continue to manage an investment portfolio on behalf of the charity. The portfolio was valued at £145,293 on 31 March 2023, which reflects a £13,278 loss on revaluation. In the year ended 31 March 2023 there was an overall £13,253 net decrease in funds after investment management charges (note 14).

Whilst funds are invested in medium to high risk portfolios the investment manager has advised that "the indirect investment approach of the investment trust holdings within the portfolio are of a less risky nature than a single direct equity investment, although technically the same risks apply due to the legal structure of investment trusts".

Results for the year

Full details of the financial transactions are contained in the attached financial statements.	£
Total income for the year was	10,606,205
After deducting expenditure of	10,605,580
The net income / (expenditure) before recognised gains / (losses) was	<u>625</u>
The net assets of the charitable group at 31 March 2023 were	<u><u>1,798,367</u></u>

Available funds

At 31 March 2023 the charity had freely available reserves for its general purposes amounting to	<u>£ 1,184,156</u>
This comprises the balance in unrestricted funds, excluding tangible fixed assets and investments.	

Reserves Policy

The charity's reserves policy is based on the value of unrestricted reserves excluding designated funds, with a target of covering 6 months operating costs (calculated to be £919,060 as at 31 March 2023) and a minimum of 3 months operating costs (£750,760 as at 31 March 2023). At £1,120,261 (note 21) the value of unrestricted reserves excluding designated funds as at 31 March 2023 compares favourably to the stated target reserves level. In the event that future circumstances require it, currently designated funds may be undesignated in order to address required needs.

Risks and uncertainties

Trustees have a duty to identify and review risks to which the charity is exposed and ensure appropriate controls are in place, including the provision of reasonable assurance against fraud and error. The trustees therefore closely monitor the operations of the charity and its trading subsidiary and review on a regular basis the nature of potential risks, their potential impact, likelihood of occurrence and means of mitigating them. As part of this process the trustees consider the adequacy of current internal controls and their ongoing suitability.

**Report of the Trustees (continued)
for the year ended
31 March 2023**

Risks and uncertainties (cont'd)

Government policy changes relating to and/or affecting the public sector are considered to be the principal risks and uncertainties. These are primarily dealt with by staying close to the sector and through active engagement in policy discussions, as already referenced earlier in this report.

Proactive, effective engagement with our members, partners and sector interest groups provides up-to-date intelligence which allows potential issues to be identified in a timely manner. This enables the Solace group to plan and respond accordingly based on sound management and control across all areas of the organisation, including specific operational and cost changes as necessary. Our response to, and impact management of, the Covid-19 pandemic is a recent example of successfully addressing an emergent risk and uncertainty and its impact on the group's workforce, on market conditions and on future funding and requirements of the organisation's principal customer base.

Financial risk management

The charity and its subsidiary use financial instruments comprising cash and debtors. Their main purpose is to finance the working capital cycle of the group. Policies for managing financial risks open to the group are:

Price risk	A range of suppliers are used to ensure market prices are not exceeded. Contracts are used for the supply of a range of goods and services and these are reviewed on a regular basis.
Credit risk	Customers are largely public sector organisations who by their nature are considered 'low risk'. Many are long-standing customers. Effective credit management procedures are also in place.
Interest risk	Returns on cash are maximised through utilising a range of interest bearing bank accounts.
Liquidity risk	A range of bank accounts are used which enable access to funds in line with cash flow projections. Group companies have a good relationship with their bankers.

Future Plans

In March 2023 meetings of the Solace group board and trading subsidiary board discussed and agreed priorities for the coming period alongside our long term objectives.

In the run up to, and during, Solace's 50th anniversary year we will be reflecting on Solace's role during the last fifty years of local government and also what the future might and should hold for us as an organisation. We will renew our strategic direction and set a course for the organisation that better supports our members and local government as a whole for the next fifty years.

In the meantime, the following organisational purpose, goals and priorities will provide a starting point for that work and guide our day-to-day activity for the next two years.

Future Plans: 2030 goals

- Set the standard for the learning and development of professional leaders and managers in UK local government
- Be the influential voice in the UK for professional local government
- Be the go-to service for local government's talent management and leadership solutions

Key priorities 2023-25

Over the next two years the goals set out above will be pursued by focusing on the following areas:

- Positively marking the organisation's 50th anniversary by celebrating the impact Solace and its members have had on local government over the past fifty years and reflecting on the sector's, and its leadership profession's, current strengths and challenges
- Engage members in the future direction of Solace and how best we can support the sector and our members into the next fifty years
- Taking action to promote equalities and inclusion and ensure the local government workforce is more representative of those it serves
- Deliver high quality, aspirational support across all our individual services to help unleash the positive power of local government across the UK
- Strengthen Solace's long-term future by maintaining a resilient, commercially viable, learning organisation across all services

**Report of the Trustees (continued)
for the year ended
31 March 2023**

Key priorities 2023-25 (cont'd)

Positively marking the organisation's 50th anniversary by celebrating the impact Solace and its members have had on local government over the past fifty years and reflecting on the sector's, and its leadership profession's, current strengths and challenges

2024 will mark fifty years since the establishment of the Society of Local Authority Chief Executives. Following the reorganisation of local government a year earlier, the creation of the Society was announced on January 25th. We will use this date as an opportunity to launch the anniversary year through a range of communications channels.

The first Solace AGM was held on 6th March 1974 and we will host our Annual Dinner on, or as close as possible, to that date, providing us with an opportunity to celebrate the past fifty years and the contribution that Solace and its members have made during that time. In 2022 we started to use the Annual Dinner to thank individuals retiring from senior council positions for their public service. The 50th Anniversary Dinner is an opportunity to develop that theme to a greater extent by celebrating contributions more widely, including those who have made significant contributions to the sector more generally.

While the Annual Dinner will celebrate the past fifty years, our drinks reception at the 2024 LGA Conference will be more contemporary and reflect the success and challenges of local government professionals today. This may include the publication of a 'state of the profession and sector' type report.

The 2024 Solace Summit will be a future-focused event and explore with the usual selection of high quality speakers from inside and outside of our sector - alongside facilitated discussions - how the next fifty years may develop for the future of the sector and profession.

Engage members in the future direction of Solace and how best we can support the sector and our members into the next fifty years

The anniversary year creates an opportunity for Solace and its members to reflect and discuss the past, present and future of the profession. But it also takes place at a time when a range of challenges are exposing weaknesses in the overall capacity and quality of the profession. Solace has long campaigned for greater emphasis on the professional development of local government leaders, the protection and enhancement of officers' roles in the wider assurance system of the sector, and the need to attract greater numbers into the sector to ensure a strong and diverse pipeline of talent.

We will therefore use the next two years to further develop our thinking in this area. We have already started discussions with Government and the Local Government Association on developing a more comprehensive programme for Chief Executives using the Improvement Grant for England, building on research undertaken for our Leadership Academy project.

This creates a launchpad for wider engagement on the future of the Society and our role in the professional development of our members across the UK, which could deliver a new approach to be launched during the anniversary year. It will also be important that this work links to other work being done on improvement and assurance across the sector (e.g. following the LGA's recent peer review).

Taking action to promote equalities and inclusion and ensure the local government workforce is more representative of those it serves

Our equality, diversity and inclusion project will continue to be a priority during the next two years. Significant progress has been made on a range of specific actions, but we know that significantly more is required including ensuring our approach threads through all Solace external activity and also internally with our employees and associates.

We have established an outcomes framework which will help raise the profile of our activity, measure progress and hold us and the sector to account. We have also started to publish data and are running our first AMplify programme that specifically supports the development of diverse talent within local government. It is important that the momentum created is not lost and we will continue to prioritise this activity throughout the next two years.

Deliver high quality, aspirational support across all our individual services to help unleash the positive power of local government across the UK

While both marking the anniversary and reflecting on Solace's future will take some of our focus, it remains crucial that we also prioritise maintaining and improving the high-quality services we provide to individual members, clients and the sector. It is only because we have steadily built the reputation of Solace to deliver effectively that we can influence Government, other sector stakeholders and individuals to achieve our long-term objectives. As well as maintaining our own standards, this includes working with the most challenged of councils to support them in navigating their journey in circumstance where other commercially focused organisations may not be so able, but also by being open and sharing the learning from those and other councils to develop the sector overall.

**Report of the Trustees (continued)
for the year ended
31 March 2023**

Deliver high quality, aspirational support across all our individual services to help unleash the positive power of local government across the UK (cont'd)

We will therefore continue to closely monitor our service provision using the KPI approach that is tried and tested. This includes continuing to evolve the approach to ensure our measures and analysis is insightful, targeted and proportionate. Increased levels of engagement with members over the next two years also provides an opportunity to respond to feedback and adapt our approach in the short as well as longer term, to better suit our customers' needs.

Strengthen Solace's long-term future by maintaining a resilient, commercially viable, learning organisation across all services

While our pursuit of quality remains a priority, this is intertwined with the organisation's financial stability. In recent years Solace has been able to strengthen its financial position significantly and create a context which has enabled us to ride the commercial challenges of the pandemic positively. The group's reserves and cashflow positions have also enabled choices and actions such as our investment in a programme manager to lead our diversity and inclusion activity. This approach will continue to ensure we are able to continue to make choices in the future.

But our resilience is not just financial and the Covid-19 pandemic in particular has demonstrated the importance of our workforce. They responded resourcefully and positively to the challenges and enabled us to navigate our way through that challenging period. Recruitment and retention remain the most significant risks to the business and we are responding by investing significantly more in training and development and more regularly and consistently engaging our employees. Our intended new office accommodation will be a significant step forward and provide an important arena for engagement and cross-working to take place.

Structure, Governance and Management

Governing document

The charity is controlled by its governing document (a deed of trust dated 9 January 1986), and constitutes a company limited by guarantee (incorporated in England & Wales). It is governed by Memorandum and Articles of Association which were last amended and ratified by the company in general meeting on 17 October 2018.

Organisational structure

The charity is governed by directors who are also the trustees of the charity, as listed on page 7. The directors are responsible for administering the funds in accordance with the Trust Deed.

The directors meet a minimum of four times a year, to set organisational strategy and business plans and to review operational and financial performance. When carrying out their governance duties for the charity, the directors have regard for the guidance on public benefit published by the Charity Commission.

Day to day responsibility for running the charity is delegated to the Managing Director and senior executive staff, based on appropriate schemes of delegation determined by the directors.

Recruitment and appointment of new directors

Directors of the charity are identified from within the membership and appointed at the Annual General Meeting.

Third party indemnity provision for directors

The charity has third party indemnity insurance in place covering all directors of the charity.

Induction and training of new directors

New directors receive an induction programme which includes information and guidance on the liabilities and responsibilities of company directors and charity trustees, a copy of the Memorandum and Articles of Association and background information relating to budgets, forward plans and details of previous key decisions.

Disability and equality policy

All applicants for positions with the charity are given full and fair consideration. Employment, training and general policies are applied equally to all affected individuals.

Pay policy for senior staff

The directors consider that the board of directors (who are the charity's trustees) and the executive heads of service comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

**Report of the Trustees (continued)
for the year ended
31 March 2023**

Pay policy for senior staff (cont'd)

All non-executive directors give of their time freely in that capacity and no director received remuneration during the year (2022: £nil) in connection with their appointment or duties as a director of the charity. Details of directors' expenses are provided in note 12 to the financial statements.

Staff pay is reviewed annually. Recommendations relating to senior staff and executive directors are considered by the non-executive directors on the Board or by a sub-committee of non-executive directors and relevant advisors. Any agreed pay increase would generally be based on consideration of a range of potential influencing factors, such as inflation measures and public sector pay awards. Market rates for comparable roles are also periodically considered, particularly as part of recruitment activities.

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows:

**Key management personnel: Trustees and Directors of
The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd**

Specified elected roles:

<i>Chair:</i>	G L Jones	
<i>Finance lead:</i>	A J Steven	<i>(appointed 13 October 2022)</i>
<i>Solicitor/Company Sec:</i>	D E Forrester-Brown	
<i>President:</i>	M V Prosser	<i>(appointed 1 January 2023)</i>
<i>SIB Chair:</i>	R E Hyde	

Other elected non-executive directors:

S L Bridglalsingh	<i>(resigned 17 June 2022)</i>	A W Muter	<i>(resigned 13 October 2022)</i>
J Burns		C D Naylor	
A M Donaghy	<i>(resigned 13 October 2022)</i>	D V Plank	
S H Fitzgerald		E Rogers	
P R Frainer		J L Roney	
S K Hall	<i>(appointed 13 October 2022)</i>	J R Rowlands	<i>(resigned 16 June 2023)</i>
A M Hill		S L Sanders	
N S A Hussain-Duke		D R Thomas	
R A L McKoy	<i>(appointed 13 October 2022)</i>	R G S Weaver	<i>(appointed 13 October 2022)</i>

Employed executive director:

G V McDonald

**Key management personnel: Senior managers of
The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd**

Managing Director	G V McDonald
Director of Learning	T I Birtwell
Director of Engagement	J A Howarth
Director of Policy, Partnerships & Public Affairs	A J B Thomson

Key management personnel: Senior managers of Solace In Business Ltd

Business Development Director	T J McDougall
Director of Corporate Resources	S R P Chambers
Director of Executive Resourcing & Assessment	S J Guest
Director of Interim Management	J K Mullinger

Our advisers

Auditors	SMH Jolliffe Cork Audit Ltd, 33 George Street, Wakefield WF1 1LX
Bankers	Lloyds Bank plc, 27-31 White Hart Street, High Wycombe, HP11 2HL National Westminster Bank Plc, 23 Uplands Crescent, Swansea SA2 0NY

Report of the Trustees (continued)
for the year ended
31 March 2023

Reference and administrative details

Company number	4053417
Charity number	1084419
Registered office	33 George Street Wakefield West Yorkshire WF1 1LX

Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also the directors of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to the auditor

In so far as the trustees are aware at the time of approving the trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the trustees on 22 September 2023

G L Jones
Trustee

**for the year ended
31 March 2023**

Opinion on financial statements

We have audited the financial statements of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and the Parent Charity Balance Sheet, the Consolidated Cash Flow Statement and the related notes. 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 group's and the parent charitable company's affairs as at 31 March 2023, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

**for the year ended
31 March 2023**

Matters on which we are required to report by exception

In light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group through discussions with the trustees and other informed management which we considered may have a direct material effect on the financial statements or the operations of the group and thereafter, the audit team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud and considered the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

**for the year ended
31 March 2023**

The extent to which the audit was considered capable of detecting irregularities including fraud (cont'd)

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias and investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims and reviewing correspondence with the group's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the charitable company's members and trustees, 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 and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Claire Lawton FCA DChA (Senior Statutory Auditor)
for and on behalf of
SMH Jolliffe Cork Audit Ltd
Chartered Accountants and Statutory Auditor
33 George Street
Wakefield, WF1 1LX

28 September 2023

**Consolidated Statement of Financial Affairs (including consolidated income and expenditure account)
for the year ended
31 March 2023**

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £
INCOME							
Donations		-	-	-	-	-	-
Income from charitable activities	4	2,212,356	235,514	2,447,870	1,874,167	279,007	2,153,174
<i>Income from other activities</i>							
Commercial trading operations	5	8,152,422	-	8,152,422	6,058,158	-	6,058,158
Government grants	6	-	-	-	528	-	528
Income from investments	7	5,913	-	5,913	2,268	-	2,268
Total income		10,370,691	235,514	10,606,205	7,935,121	279,007	8,214,128
EXPENDITURE							
<i>Cost of raising funds</i>							
Investment management costs	8	2,346	-	2,346	2,422	-	2,422
Commercial trading operations	5	7,366,849	-	7,366,849	5,558,430	-	5,558,430
<i>Expenditure on charitable activities</i>							
Education & Training	10	2,178,531	310,239	2,488,770	1,749,770	182,390	1,932,160
Membership services	10	747,615	-	747,615	622,397	-	622,397
Loss on disposal of fixed assets		-	-	-	-	-	-
Total expenditure		10,295,341	310,239	10,605,580	7,933,019	182,390	8,115,409
Net income / (expenditure) before transfers		75,350	(74,725)	625	2,102	96,617	98,719
Gross transfers between funds		-	-	-	-	-	-
Net income / (expenditure) before recognised gains / (losses)		75,350	(74,725)	625	2,102	96,617	98,719
Other recognised gains / (losses)							
Unrealised gains / (losses) on investments		(13,278)	-	(13,278)	2,840	-	2,840
Net movement in funds for the year		62,072	(74,725)	(12,653)	4,942	96,617	101,559
Reconciliation of funds							
Total funds b/fwd	20	1,373,253	437,767	1,811,020	1,368,311	341,150	1,709,461
Total funds c/fwd	20	1,435,325	363,042	1,798,367	1,373,253	437,767	1,811,020

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

Consolidated Balance Sheet

as at

31 March 2023

	Notes	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Fixed assets					
Tangible assets	13	105,876	148,274	58,048	90,011
Investments	14	145,293	158,546	207,327	220,580
Total Fixed Assets		<u>251,169</u>	<u>306,820</u>	<u>265,375</u>	<u>310,591</u>
Current assets					
Debtors	15	1,834,066	1,365,451	389,252	336,538
Cash at bank and in hand		1,730,820	1,965,236	1,488,400	1,424,817
Total Current Assets		<u>3,564,886</u>	<u>3,330,687</u>	<u>1,877,652</u>	<u>1,761,355</u>
Creditors: falling due within one year	16	2,012,065	1,756,798	897,562	788,440
Net current assets		<u>1,552,821</u>	<u>1,573,889</u>	<u>980,090</u>	<u>972,915</u>
Total assets less current liabilities		1,803,990	1,880,709	1,245,465	1,283,506
Provisions for liabilities and charges	17	5,623	69,689	-	-
Net Assets		<u><u>1,798,367</u></u>	<u><u>1,811,020</u></u>	<u><u>1,245,465</u></u>	<u><u>1,283,506</u></u>
The funds of the charity					
Unrestricted income funds	20	1,435,325	1,373,253	882,423	845,739
Restricted income funds	20	363,042	437,767	363,042	437,767
Total charity funds		<u><u>1,798,367</u></u>	<u><u>1,811,020</u></u>	<u><u>1,245,465</u></u>	<u><u>1,283,506</u></u>

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The financial statements were approved by the Trustees on 22 September 2023 and signed on their behalf by:

G L Jones
Trustee

The notes on pages 15 to 23 form an integral part of these financial statements.

Statement of Cash Flows and Consolidated Statement of Cash Flows

as at

31 March 2023

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Cash flows from operating activities				
Net movement in funds for the year	(12,653)	101,559	(38,041)	57,762
Adjustments for:				
Depreciation	59,925	57,213	37,401	37,122
Unrealised investment (gains) / losses	13,278	(2,840)	13,278	(2,840)
Re-invested dividend income	(2,371)	(2,140)	(2,371)	(2,140)
Fees netted off investment portfolio	2,346	2,422	2,346	2,422
Interest received	(3,542)	(128)	(1,907)	(14)
Loss / (gain) on disposal of fixed assets	-	-	-	-
Decrease / (increase) in debtors	(468,615)	(241,898)	(52,714)	(120,211)
Increase / (decrease) in creditors	255,267	17,374	109,122	67,468
Increase / (decrease) in provisions	(64,066)	57,738	-	-
Cash generated from / (used in) operating activities	(220,431)	(10,700)	67,114	39,569
Cash flows from investing activities				
Interest received	3,542	128	1,907	14
Fixed asset purchases	(17,527)	(15,929)	(5,438)	(4,196)
Released from managed portfolio	-	-	-	-
Cash provided by / (used in) investing activities	(13,985)	(15,801)	(3,531)	(4,182)
Cash flows from financing activities	-	-	-	-
Increase / (decrease) in cash and cash equivalents in the year	(234,416)	(26,501)	63,583	35,387
Cash and cash equivalents at the beginning of the year	1,965,236	1,991,737	1,424,817	1,389,430
Cash and cash equivalents at the end of the year	1,730,820	1,965,236	1,488,400	1,424,817

**Notes to the Consolidated Financial Statements
for the year ended
31 March 2023**

1 Accounting policies

1.1 Basis of preparation

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) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The charity's functional and presentation currency is the pound sterling £. All financial information presented has been rounded to the nearest £, unless otherwise stated.

1.2 Basis of consolidation

The group financial statements consolidate the results of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd and its subsidiary Solace In Business Ltd.

Subsidiary undertakings are included using the acquisition method of accounting. Under this method the group net incoming resources include the results of subsidiaries from the date of acquisition and to the date of sale outside the group in case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

The trustees have taken advantage of the exemption afforded by section 408 of the Companies Act 2006 and a separate Statement of Financial Activities and income and expenditure account for the charity has therefore not been presented.

1.3 Going concern

The financial statements have been prepared on a going concern basis. In preparing the accounts the trustees have considered possible risks, events or conditions that might cast significant doubt on the ability of the charitable company to continue as a going concern and therefore on the appropriate use of the going concern basis.

Regularly monitoring the operational and financial performance of the charity and its subsidiary is part of the routine activities of executive management (monthly) and of the separate company boards (quarterly). This includes detailed management accounts and the analysis of pipeline activity (income and margins), together with performance indicators ranging from opportunity conversion rates to customer satisfaction across all areas of activity. Financial forecasts for the period through to 31 August 2024 have, together with current reserves and cash balances, also been reviewed as part of that regular monitoring activity. Based on such reviews and related enquiries, the trustees have concluded that there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future and therefore they have continued to adopt the going concern basis in preparing its financial statements.

1.4 Fixed assets

a) Fixed assets are initially recorded at historic cost.

b) Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets except freehold land, over their expected useful lives. It is calculated at the following rates:

Improvements to short leasehold property	Over the term of the lease
Fixtures & Fittings	25% on reducing balance
Computer equipment	20% or 33% on cost

1.5 Fixed Asset investments

Investments in subsidiaries are stated at historical cost less provision for diminution in value. Other investments are stated at fair value.

1.6 Income recognition

a) Income from charitable activities (including trading) in the form of services is recognised in the relevant period(s) in which the activity takes place or is earned. Activity income received in advance is deferred until entitlement to the income has arisen at which time it is credited to the Statement of Financial Activities.

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2023

1.6 Income recognition (cont'd)

- b) Donations and voluntary income are accounted for when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.
- c) Grant funding received for a specified area of the charity's work or for a specific purpose is accounted for as restricted funds. Grants received without restriction are recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.
- d) Investment income is recognised on an accruals basis.

1.7 Gift aid distribution from subsidiary company to parent charity

Profits over and above those needed to meet the working capital requirements of subsidiary companies are transferred to the parent charity by way of a gift aid distribution. As no legal obligation exists, the distributions in respect of the current and comparative year represent amounts paid as at the balance sheet date.

1.8 Expenditure

- a) All expenditure is accounted for on an accruals basis. VAT is recovered on relevant expenditure. Irrecoverable VAT is included within the relevant expense of the charity in the year in which it is incurred.
- b) Activities in furtherance of the charity's objectives include the direct costs of staff and property together with the costs of projects and activities.
- c) The trustees consider that management and administration costs of the charity are not material when taken in the context of amounts spent on charitable activities. All members of staff have been active in fulfilling the objectives of the charity.

1.9 Support costs

Support costs relate to functions that assist the work of the charity but do not directly undertake charitable activities. They include back office, finance, personnel, payroll and governance costs (e.g. the preparation and examination of the statutory accounts, the costs of directors meetings and the cost of legal advice on constitutional matters). The bases on which support costs have been allocated are set out in note 11.

1.10 Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.11 Pensions

The charity operates a defined contribution pension scheme. Contributions are recognised in the Statement of Financial Activities in the period in which they become payable in accordance with the rules of the scheme.

1.12 Fund accounting

The charity has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

- | | |
|---------------------------|--|
| Unrestricted funds | - Funds are expendable at the discretion of the trustees in furtherance of the objects of the charity. |
| Restricted funds | - Restricted funds can only be used for particular restricted purposes within the objectives of the charity. These arise when funds are subject to specific restrictive conditions imposed by funders/donors or by the purpose of the grant. |
| Designated funds | - The trustees may at their discretion set aside unrestricted funds for specific purposes. |

2 Legal status and control

The charity is a company limited by guarantee. All members have agreed to contribute an amount not exceeding £1 each to the assets of the company in the event of it being wound up.

The charity is controlled by its members. Membership of the charitable company is open to individuals designated as senior officers of local authorities in England, Scotland, Wales, Northern Ireland, the Channel Islands and the Isle of Man. Membership is also open to senior officers of any other board, authority or committee exercising local government or public service functions in any of the indicated geographic areas.

Elected members of local authorities are not eligible to for membership of the charitable company, notwithstanding that they may be otherwise qualified.

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2023

3 Financial performance of the charity

The Consolidated Statement of Financial Activities includes the results of the charity's wholly owned subsidiary company (note 5), which provides Interim placement and executive recruitment services. The summary financial performance of the charity alone is as follows:

	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Total 2022 £
Donations	-	-	-	-
Government grants (note 6)	-	-	-	323
Gift aid distribution from trading subsidiary (note 5)	761,820	-	761,820	456,250
Income from investments	4,278	-	4,278	2,154
Income from charitable activities	2,212,356	235,514	2,447,870	2,153,174
	<u>2,978,454</u>	<u>235,514</u>	<u>3,213,968</u>	<u>2,611,901</u>
Investment management fees	(2,346)	-	(2,346)	(2,422)
Expenditure on charitable activities	(2,926,146)	(310,239)	(3,236,385)	(2,554,557)
Net income	<u>49,962</u>	<u>(74,725)</u>	<u>(24,763)</u>	<u>54,922</u>
Unrealised gains / (losses) on investments	(13,278)	-	(13,278)	2,840
Total funds brought forward	845,739	437,767	1,283,506	1,225,744
Total funds carried forward	<u>882,423</u>	<u>363,042</u>	<u>1,245,465</u>	<u>1,283,506</u>
Represented by:				
Restricted income funds			363,042	437,767
Unrestricted income funds			882,423	845,739
			<u>1,245,465</u>	<u>1,283,506</u>

	Unrestricted £	Restricted £	Total Funds 2023 £	Total Funds 2022 £
4 Income from charitable activities				
Education and training	1,729,092	177,500	1,906,592	1,798,887
Membership activities	483,264	58,014	541,278	354,287
	<u>2,212,356</u>	<u>235,514</u>	<u>2,447,870</u>	<u>2,153,174</u>

Restricted income relating to education and training represents grant funding received in relation to specified activities.

5 Income from commercial trading operations

The charity has one wholly owned trading subsidiary, Solace In Business Ltd (note 14), which is incorporated in England and Wales and provides recruitment services to the public sector. Profits over and above those needed to meet the working capital requirements of the subsidiary are transferred to the charity by way of a gift aid distribution. The distribution amounts stated below are the total sums paid across within the relevant financial year.

	2023 £	2022 £
The summary financial performance of the subsidiary alone is as follows:		
Turnover	8,152,422	6,058,158
Government grants (note 6)	-	205
Cost of sales and administration costs	(7,374,036)	(5,506,764)
Exceptional costs	6,467	(63,346)
Interest receivable	1,635	114
Net profit	<u>786,488</u>	<u>488,367</u>
Taxation	720	11,680
Profit for the financial year	<u>787,208</u>	<u>500,047</u>
Gift aid distribution to parent charity	(761,820)	(456,250)
Retained in subsidiary	<u>25,388</u>	<u>43,797</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2023

5 Income from commercial trading operations (cont'd)

	2023	2022
	£	£
The assets and liabilities of the subsidiary were:		
Fixed assets	47,848	58,283
Current assets	1,692,787	1,572,563
Current liabilities	(1,120,080)	(971,613)
Provisions for liabilities and charges (note 17)	(5,623)	(69,689)
Total net assets	<u>614,932</u>	<u>589,544</u>

The financial performance of the subsidiary for the year ended 31 March 2022 included an exceptional cost item amounting to £63,346 in connection with the cessation of two operating leases related to land and buildings. In both instances, prior to 31 March 2022 the company issued break notices in line with the terms of the relevant lease and therefore at that year end date provided for expected costs relating to the cessation of those leases including related dilapidations works. All related costs were fully accounted for during the year ended 31 March 2023 with £6,467 of the provision unused and reversed during that period (note 17).

6 Government grants

	Total 2023	Total 2022
	£	£
Coronavirus Job Retention Scheme	-	102
Other government grants	-	426
	<u>-</u>	<u>528</u>

Coronavirus Job Retention Scheme grant was received for the purpose of paying staff who were furloughed because of the impact of Covid-19. There are no unfulfilled conditions or contingencies attaching to receipt of that grant.

Other government grants related to Coronavirus Statutory Sick Pay claims.

7 Investment income

	2023	2022
	£	£
Dividends	2,371	2,140
Bank and other interest	3,542	128
	<u>5,913</u>	<u>2,268</u>

8 Investment management costs

	2023	2022
	£	£
Portfolio management	<u>2,346</u>	<u>2,422</u>

9 Staff costs and numbers

	2023	2022
	£	£
Salaries	1,779,099	1,599,888
Social security costs	179,232	145,322
Pension costs	114,987	101,236
	<u>2,073,318</u>	<u>1,846,446</u>

The average monthly number of employees during the year was as follows:

	Number 2023	Number 2022
Executive directors	1	1
Other staff	45	44
	<u>46</u>	<u>45</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2023

10 Expenditure on charitable activities	Education & Training £	Membership Services £	Total 2023 £
Governance costs (note 11)	29,278	16,898	46,176
Support costs (note 11)	885,743	403,671	1,289,414
Direct delivery	1,363,977	190,584	1,554,561
Central premises	6,615	10,082	16,697
IT support and consumables	78,922	25,555	104,477
Communications	5,001	1,121	6,122
Depreciation	27,292	10,110	37,402
Travel & subsistence	8,305	4,771	13,076
Irrecoverable VAT	57,110	8,131	65,241
Marketing	10,113	13,608	23,721
Bank interest and transaction charges	2,381	882	3,263
International relationships and support	-	23,123	23,123
Other costs	14,033	39,079	53,112
	2,488,770	747,615	3,236,385

Expenditure on charitable activities was £3,236,385 (2022: £2,554,557) of which £2,926,146 was unrestricted (2022: £2,372,167) and £310,239 was restricted (2022: £182,390).

11 Governance and support costs

	Basis of apportionment	Support costs £	Governance £	Total 2023 £	Total 2022 £
Salaries and related costs	Staff roles and time allocation	1,281,497	26,951	1,308,448	1,079,975
Audit fee	Invoice description	-	8,514	8,514	7,086
Other professional and legal fees	Invoice description	61	10,150	10,211	61
Board running costs	Invoice description	-	561	561	300
Sundry expenses	Invoice description	7,856	-	7,856	2,234
		1,289,414	46,176	1,335,590	1,089,656

12 Staff costs, trustee remuneration and expenses, and the cost of key management personnel

The key management personnel of the group and the parent charity comprise the trustees and senior managers whose names are listed on page 7. Total remuneration and employee benefits for key management personnel amounted to £749,146 (2022: £723,973) including pension contributions of £56,414 (2022: £50,488). This includes one trustee, G McDonald (2022: one trustee - G McDonald) who received remuneration relating to their contract of employment with the charity or its subsidiary.

The number of employees earning more than £60,000 per annum (including related pension contributions) is:

	Group 2023	Group 2022	Charity 2023	Charity 2022
Between £60,001 and £70,000	-	1	-	-
Between £70,001 and £80,000	1	-	-	-
Between £80,001 and £90,000	3	3	1	1
Between £90,001 and £100,000	2	3	2	2
Between £100,001 and £110,000	1	-	-	-
Between £110,001 and £120,000	-	-	-	-
Between £120,001 and £130,000	1	1	1	1

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2023

12 Staff costs, trustee remuneration and expenses, and the cost of key management personnel (cont'd)

During the year ended 31 March 2023 no trustee (2022: no trustee) received remuneration or benefits from the charity for acting as, or in connection with, their appointment as a trustee of the charity. During the year three non-executive trustees (2022: no trustees) were reimbursed expenses totalling £11,138 (2022: £nil) including £10,794 (2022: £nil) relating to representing the organisation at international partner events.

13 Tangible fixed assets

Group	Improvements to short leasehold to property £	Fixtures and fittings £	IT infrastructure £	Computer equipment £	Total £
Cost					
At 1 April 2022	60,105	4,118	228,707	79,874	372,804
Additions	-	-	-	17,527	17,527
Transfers	-	-	28,404	(28,404)	-
Disposals	(60,105)	(4,118)	(12,204)	(25,901)	(102,328)
At 31 March 2023	-	-	244,907	43,096	288,003
Depreciation					
At 1 April 2022	60,105	4,118	90,607	69,700	224,530
Charge for the year	-	-	50,600	9,325	59,925
Transfers	-	-	28,404	(28,404)	-
Disposals	(60,105)	(4,118)	(12,204)	(25,901)	(102,328)
At 31 March 2023	-	-	157,407	24,720	182,127
Net book value					
At 31 March 2023	-	-	87,500	18,376	105,876
At 31 March 2022	-	-	138,100	10,174	148,274
Charity					
			IT infrastructure £	Computer equipment £	Total £
Cost					
At 1 April 2022			172,833	15,794	188,627
Additions			-	5,438	5,438
Disposals			-	(9,365)	(9,365)
At 31 March 2023			172,833	11,867	184,700
Depreciation					
At 1 April 2022			85,942	12,674	98,616
Charge for the year			34,540	2,861	37,401
Disposals			-	(9,365)	(9,365)
At 31 March 2023			120,482	6,170	126,652
Net book value					
At 31 March 2023			52,351	5,697	58,048
At 31 March 2022			86,891	3,120	90,011

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2023

14 Investments	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Listed investments (managed portfolio)	145,293	158,546	145,293	158,546
Investment in subsidiaries	-	-	62,034	62,034
	<u>145,293</u>	<u>158,546</u>	<u>207,327</u>	<u>220,580</u>

Investment in subsidiaries

Subsidiary company	Solace In Business Ltd, registered in England & Wales (Company No. 3150254)		
Nature of business	Interim placement and executive recruitment		
Number, class and percentage of shares held	19 ordinary	(100%)	
Net assets at 31 March 2023	£614,932		

The activities and results of this subsidiary company are summarised in note 5.

Subsidiary company	SEL Business Services Limited, registered in England & Wales (Co. No. 8704424)		
Nature of business	Dormant		
Number, class and percentage of shares held	20 ordinary	(100%)	
Net assets at 31 March 2023	£20		

Listed investments (managed portfolio)	Total £
Market value	
At 1 April 2022	158,546
Additions	2,371
Revaluations	(13,278)
Management fees	(2,346)
Reclassification / transfer	-
At 31 March 2023	<u>145,293</u>
Net book value	
At 31 March 2023	<u>145,293</u>
At 31 March 2022	<u>158,546</u>

There are no investment assets outside the UK

15 Debtors	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	1,356,033	1,096,658	242,963	203,805
Other debtors	318	6,634	318	523
Prepayments and accrued income	477,715	262,159	145,971	132,210
	<u>1,834,066</u>	<u>1,365,451</u>	<u>389,252</u>	<u>336,538</u>

16 Creditors	Group		Charity	
	2023	2022	2023	2022
	£	£	£	£
Amounts falling due within 1 year:				
Trade creditors	676,290	770,898	144,288	194,445
Other creditors	19,806	17,868	11,313	9,847
Corporation tax	-	-	-	-
Social security and other taxes	258,065	178,357	92,023	82,701
Amounts owed to group undertakings	-	-	5,557	3,235
Accruals and deferred income	1,057,904	789,675	644,381	498,212
	<u>2,012,065</u>	<u>1,756,798</u>	<u>897,562</u>	<u>788,440</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2023

17 Provisions for liabilities and charges

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

The trading subsidiary, Solace In Business Ltd, is not exempt from taxation (see note 5). Taxation for the year comprises current and deferred tax. Current tax is recognised at the amount of tax payable using the rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, as set out below:

	Group	
	2023	2022
	£	£
Deferred tax (accelerated capital allowances)	5,623	6,343
Exceptional costs relating to cessation of operating leases (note 5)	-	63,346
	<u>5,623</u>	<u>69,689</u>

	Deferred tax	Exceptional costs
	£	£
At 1 April 2022	6,343	63,346
Movement in year	(720)	-
Utilised during year		(56,879)
Unused amounts reversed during year		(6,467)
At 31 March 2023	<u>5,623</u>	<u>-</u>

18 Operating leases

As at 31 March 2023 commitments under non-cancellable operating leases were as follows:

Group	Land & Buildings	Other	Land & Buildings	Other
	2023	2023	2022	2022
	£	£	£	£
Due within one year	-	-	6,242	-
Due within two to five years	-	-	-	-
Due over 5 years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>6,242</u>	<u>-</u>

Charity	Land & Buildings	Other	Land & Buildings	Other
	2023	2023	2022	2022
	£	£	£	£
Due within one year	-	-	-	-
Due within two to five years	-	-	-	-
Due over 5 years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

19 Pensions schemes

Defined contribution pension scheme

The charitable group operates a defined contribution pension scheme for the benefit of all employees. Contributions to the scheme for the year ended 31 March 2023 amounted to £114,987 (2022: £101,236). This includes accrued contributions of £19,806 (2022: £17,868) included in other creditors (note 16).

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2023

20 Funds	Balance at 1 April 2022 £	Net incoming Resources £	Transfers £	Balance at 31 March 2023 £
Unrestricted				
General	1,090,066	30,195	-	1,120,261
Designated	283,187	31,877	-	315,064
	<u>1,373,253</u>	<u>62,072</u>	<u>-</u>	<u>1,435,325</u>
Restricted				
Managerial leadership	210,360	(4,155)	-	206,205
Coaching & Mentoring	108,400	(29,800)	-	78,600
Sector research	44,007	(260)	-	43,747
Skills training	75,000	(40,510)	-	34,490
	<u>437,767</u>	<u>(74,725)</u>	<u>-</u>	<u>363,042</u>

Designated funds:

The directors have identified that certain unrestricted funds should be ring-fenced as follows:

- Branch reserves - representing the historic surplus or deficit accumulated through various geographically based activities covering Solace Group members in Scotland, Wales, Northern Ireland and certain English regions.

Restricted funds:

- Managerial leadership grant funding received to subsidise the formulation and delivery of tailored programmes which support public sector leaders and strategic managers in the development of their people and organisations to meet current and future sector challenges, demands and opportunities.
- Grant funding to provide subsidised coaching and mentoring for local authority senior managers.
- Grant funding to enable sector research and educational events for local authority senior managers on key areas of public policy such as health and ethnicity, diversity and inclusion.

Sufficient cash resources are held to enable each of the identified funds to be applied without any restrictions.

21 Analysis of Group net assets between funds

Funds balances at 31 March 2023 are represented by:	Unrestricted £	Designated £	Restricted £	Total £
Tangible fixed assets	105,876	-	-	105,876
Investments	145,293	-	-	145,293
Current assets	2,886,780	315,064	363,042	3,564,886
Creditors: amounts falling due within 1 year	(2,012,065)	-	-	(2,012,065)
Provisions for liabilities and charges	(5,623)	-	-	(5,623)
	<u>1,120,261</u>	<u>315,064</u>	<u>363,042</u>	<u>1,798,367</u>

22 Capital commitments

Capital amounts contracted at 31 March 2023 but not provided for in these financial statements amounted to £nil for the group and charitable company (2022: £nil).

23 Related Party Transactions

During the year ended 31 March 2023 the charity received a gift aid distribution of £761,820 (2022: £456,250) from Solace In Business Ltd (note 5).

Other related party transactions made by the charity during the year ended 31 March 2023 were:

- N Hussain-Duke, a trustee of the charity, received payment of £780 (2022: £150) from the charity for professional services supplied and payment of £nil (2022: £1,000) from the subsidiary company (Solace In Business Ltd) for professional services supplied to that company.

Accounts

Registered charity number: 1084419
Company number (registered in England & Wales): 04053417

The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd
(a company limited by guarantee)

Consolidated financial statements
for the year ended
31 March 2022

**Consolidated financial statements
for the year ended
31 March 2022**

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**Report of the Trustees
for the year ended
31 March 2022**

The trustees present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2022 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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 (FRS102) (effective 1 January 2019).

Objectives and activities

Objects

The objects of the charity are: "To promote any charitable purpose in particular the relief of poverty, sickness and distress, the advancement of education, the preservation and protection of health, the provision of public works and services and public amenities and facilities for recreation or other leisure time occupation in the interests of social welfare, particularly through the promotion of efficiency and good practice in local government."

The charity's governing documents permit it to do anything lawful that is deemed necessary to promote its objects, including (inter alia): employing staff; promoting, encouraging or undertaking study or research or disseminating the results of such; producing, printing and publishing anything in written, oral or visual media in furtherance of the objects; providing or procuring the provision of services, training, consultancy, advice, support, counselling and guidance in furtherance of the objects or any of them; promoting and supporting such legislative, social and administrative reform as may assist the charity's objects; and, entering into any arrangements with any governments, authorities or any person, company or association necessary to promote any of the charity's objects.

Aims and purpose

Strategic aims of the charity are focused on:

- providing opportunities for local public service leaders to **learn, develop** and to **network** with each other and with contemporaries from other areas of public life;
- **influencing** debates about the future of public services, to ensure that **policy** is informed by the experience and expertise of our members;
- building the **integrity** and **reputation** of public service management; and
- supporting local public services to **recruit and place** the brightest and best to their leadership roles.

The Solace group's purpose is:

- to enable places to thrive by releasing the power and voice of people working in local public services

Achievements and performance

2021-22 was a transitional year for the Solace group, following on from the organisation's swift response to the Covid-19 pandemic during the previous year which had enabled a shift in service delivery to suit a very different context whilst retaining focus on our core purpose and maintaining a robust financial position.

While the context in which the charity and its trading subsidiary operate has changed significantly over the past two years, our overall purpose, strategy and medium-term priorities remain pertinent - meaning that as the pandemic progressed and constraints changed we were able to respond in a timely, safe and sustainable fashion. However, different elements of the group's activities emerged from the greatest impact of the pandemic on them at different times and in different ways. In some business areas (e.g. interim recruitment) the market in which the organisation operates and our own approach both adapted quickly and enabled consistent performance throughout the year ending 31 March 2022. Other activities (e.g. permanent recruitment and events) have taken longer to adapt and recover given the constraints on physical meetings.

Policy

Solace continues to act as an important source of local government insight for the national government. Through our President and policy leads, we were able to ensure local government's professional voice was heard clearly throughout 2021-22 as important decisions were being made in Whitehall. We also had civil servants attending our policy board; this meets monthly and provides an important sounding board for stakeholders as well as policy leads within the local government sector.

**Report of the Trustees (continued)
for the year ended
31 March 2022**

Achievements and performance (cont'd)

The increased level of engagement with Government resulted in over 300 related meetings during the year as well as over 500 meetings with other stakeholders. Engagement levels maintained throughout the year enabled the influence of Government and other key stakeholders on longer term issues as well as on the immediate response to critical issues as they emerged. Simultaneously, Solace still regularly contributed within sector media and others. This enabled us to create a wider influence and ensure that the professional voice of local government is still heard; for example, Solace contributed 27 media articles across the year as well as 119 press mentions.

Member Engagement

In 2020-21 the Covid-19 pandemic completely changed our approach to events, with no face-to-face activity and our whole programme quickly moving online. During 2021-22 we continued the online focus but started a return to face-to-face events towards the end of the year. However this transition has been slow, constrained in part by the changing levels of restrictions in place at any one time but also by sector leaders' continued focus on place and a general malaise regarding a return to travel.

With the local government sector on the frontline of the pandemic response individuals continued to be under significant pressure and operating in an environment new to everyone. In that context, the support of coaches and mentors proved invaluable and by the end of the year 315 individuals had utilised this support through the charity.

Leadership development

The charity also supported the learning of 966 individuals as part of our organisational development activity across 52 organisations. Overall, our most significant leadership development programmes during the year remained:

- Continuation of the national graduate development programme, which introduces high quality graduates to a career in local government.
- The ninth year of our Springboard programme for talented aspiring leaders from across the UK.
- The seventh year of Total Leadership, an innovative partnership between Solace and the University of Birmingham bringing the best of academic rigor together with practical hands-on experience to create a career defining learning experience for Executive Leaders.
- Another two cohorts of our Ignite programme for experienced Council Chief Executives.
- Continued expansion of our regional apprenticeship programme in leadership and management despite the challenges of the pandemic.

Recruitment support

The interim and permanent recruitment activity of the trading subsidiary, Solace In Business, has again provided over £450,000 in the year to March 2022 to help support Solace's charitable aims. Solace In Business complements the aims and objectives of the charity by being grounded in public service values and through its placement of quality resources into the local government sector. The social enterprise model enables it to shape the market – for example in areas such as gender equality and wider diversity challenges – in a manner not replicated by competitors. These non-financial benefits remain an important addition to the financial contribution which helps ensure Solace is able to grow the breadth and depth of its support to individual members and also contribute to the wider improvement of the local government sector.

Key performance indicators

In addition to detailed management accounts, a range of indicators are used by the trustees and executive management to monitor and direct activities as appropriate. These include monthly reporting and discussion of key operational and impact measures for each area of the group, refreshed annually as part of the business planning and budgeting process dependent on the agreed focus for each area for the relevant period(s). Examples include: income and margins; sickness absence; membership renewals and additions; number of learners supported; number of organisations worked with; conversion rates for tendered activity; associates utilisation; customer satisfaction; and, website and social media performance (viewings, click throughs and interactions). Further information is given in the section of this report relating to Future Plans.

Report of the Trustees (continued)
for the year ended
31 March 2022

Public Benefit

The aims and activity of the charity provide benefits to the public through a variety of means, including:

- the promotion of efficiency and good practice in local government to facilitate better provision of public works, services and amenities in the interests of social welfare;
- the promotion of knowledge, skills and competence amongst its members - being individuals wholly or mainly employed as local authority chief executives and senior managers; and
- promoting the cause of local government, including parliamentary lobbying and influence on policy discussions and decision-making.

These benefits have this year been primarily achieved through the achievements, performance and activities highlighted above.

In the furtherance of these aims the directors have complied with the duty in s.4 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirements under that Act.

Financial Review

Investment policy

Investment powers are governed by the Articles of Association. Currently there are no investment restrictions in place and the investment objectives are: a balance of capital growth and income from investments; and, an overall medium tolerance of risk. The investment is therefore held in a mixture of medium to high risk investment portfolios. Financial gains from the current investments are automatically reinvested.

Investment performance

Evelyn Partners (formerly Tilney Smith & Williamson) continue to manage an investment portfolio on behalf of the charity. The portfolio was valued at £158,546 on 31 March 2022 including a £2,840 gain on revaluation. In the year ended 31 March 2022 there was an overall £2,558 net increase in funds after investment management charges (note 14).

Whilst funds are invested in medium to high risk portfolios the investment manager has advised that "the indirect investment approach of the investment trust holdings within the portfolio are of a less risky nature than a single direct equity investment, although technically the same risks apply due to the legal structure of investment trusts".

Results for the year

Full details of the financial transactions are contained in the attached financial statements.

	£
Total income for the year was	8,214,128
After deducting expenditure of	8,115,409
The net income / (expenditure) before recognised gains / (losses) was	98,719
The net assets of the charitable group at 31 March 2022 were	1,811,020

Available funds

At 31 March 2022 the charity had freely available reserves for its general purposes amounting to £ 1,066,433
This comprises the balance in unrestricted funds, excluding tangible fixed assets and investments.

Reserves Policy

The charity's reserves policy is based on the value of unrestricted reserves excluding designated funds, with a target of covering 6 months operating costs (calculated to be £838,320 as at 31 March 2022) and a minimum of 3 months operating costs (£700,270 as at 31 March 2022). At £1,090,066 (note 20) the value of unrestricted reserves excluding designated funds as at 31 March 2022 compares favourably to the stated target reserves level. In the event that future circumstances require it, currently designated funds may be undesignated in order to address required needs.

Risks and uncertainties

Trustees have a duty to identify and review risks to which the charity is exposed and ensure appropriate controls are in place, including the provision of reasonable assurance against fraud and error. The trustees therefore closely monitor the operations of the charity and its trading subsidiary and review on a regular basis the nature of potential risks, their potential impact, likelihood of occurrence and means of mitigating them. As part of this process the trustees consider the adequacy of current internal controls and their ongoing suitability.

**Report of the Trustees (continued)
for the year ended
31 March 2022**

Risks and uncertainties (cont'd)

Government policy changes relating to and/or affecting the public sector are considered to be the principal risks and uncertainties. These are primarily dealt with by staying close to the sector and through active engagement in policy discussions, as already referenced earlier in this report.

Proactive, effective engagement with our members, partners and sector interest groups provides up-to-date intelligence which allows potential issues to be identified in a timely manner. This enables the Solace group to plan and respond accordingly based on sound management and control across all areas of the organisation, including specific operational and cost changes as necessary. Our response to, and impact management of, the Covid-19 pandemic is an example of successfully addressing an emergent risk and uncertainty and its impact on the group's workforce, on market conditions and on future funding and requirements of the organisation's principal customer base.

Financial risk management

The charity and its subsidiary use financial instruments comprising cash and debtors. Their main purpose is to finance the working capital cycle of the group. Policies for managing financial risks open to the group are:

Price risk	A range of suppliers are used to ensure market prices are not exceeded. Contracts are used for the supply of a range of goods and services and these are reviewed on a regular basis.
Credit risk	Customers are largely public sector organisations who by their nature are considered 'low risk'. Many are long-standing customers. Effective credit management procedures are also in place.
Interest risk	Returns on cash are maximised through utilising a range of interest bearing bank accounts.
Liquidity risk	A range of bank accounts are used which enable access to funds in line with cash flow projections. Group companies have a good relationship with their bankers.

Future Plans

In March 2022 the Solace group board and trading subsidiary board re-confirmed the long-term purpose and goals of the organisation and set identified priority programmes for the year ahead.

Future Plans: 2030 goals

- Set the standard for the learning and development of professional leaders and managers in UK local government
- Be the influential voice in the UK for professional local government
- Be the go-to service for local government's talent management and leadership solutions

Future Plans: 3-year priorities

Over the next three years the goals set out above will be pursued by focusing on the following areas:

- Nurture a stronger relationship between Solace and the individuals we support by investing in member and client engagement
- Increase our relevance to a broad and diverse group of individuals throughout their career by improving our offer beyond executive members
- Evidence and promote our dynamism and expertise throughout our network, across the sector and with our stakeholders by investing in research, quality assurance and communications
- Strengthen Solace's long-term future by creating a more robust, digitally mature, learning organisation

Nurture a stronger relationship between Solace and the individuals we support by investing in member and client engagement

The breadth and status of the Solace network is our most significant competitive advantage across all service areas and has been identified as core to our unique selling point in all our markets. We continue to invest in technology to improve the management of information across this network and to build on the inter-connectivity of our services. We need to complete this work and fully embed those systems into the processes and culture of the organisation.

In order to optimise the use of these new tools available to us, we need to focus on closer and more consistent engagement with members and our wider client base, and ensure this drives improved responsiveness across all services.

At a national level this includes developing smooth, clear customer journeys so members and clients can access the full range of support they need in the most appropriate way. For example, our approach to pastoral support for members is currently ad hoc and inconsistent and requires a standardised and reliable approach which connects members with the breadth of personal and organisational support available.

**Report of the Trustees (continued)
for the year ended
31 March 2022**

Future Plans: 3-year priorities (cont'd)

Nurture a stronger relationship between Solace and the individuals we support by investing in member and client engagement (cont'd)

Our regional footprint is also variable, both across the UK but also across different service lines. We will explore new models of regional working to improve both member engagement and business development through personalised contact, events and regional approaches to leadership development.

Our associate base is another pool of untapped business development resource which we aim to gain greater leverage from. We need to ensure that the diversity and capability within our associate base is strong, relevant and of high quality, while improving the two-way sharing of insight on Solace services and the sector itself.

Key performance indicators for this area include:

- Member and associate engagement scores, including web and social media
- Total number of members
- User/client satisfaction

Increase our relevance to a broad and diverse group of individuals throughout their career by improving our offer beyond executive members

The review of membership was a key priority during our last business plan period and led to a significant change of focus for the organisation. The impact of this change is being felt across all service areas and has led to a broadening of our offer, particularly in membership, events and learning and development.

Prior to the pandemic our membership has consistently grown, but in recent times this has stalled relative to our ambition. We have failed to attract significant numbers in our early career and established leader categories except where they are originally engaged through a learning and development programme. We are therefore creating a more valued product for individuals in the early part of their career, with greater emphasis on digital content and formats more accessible to them so they are able to begin their engagement with the organisation in advance of being a paying member.

Key performance indicators for this area include:

- Total number of members by membership category
- Proportion of members by ethnicity and gender

Evidence and promote our dynamism and expertise throughout our network, across the sector and with our stakeholders by investing in research, quality assurance and communications

Solace seeks to be an evidence-led organisation focused on the quality of our service. This is embedded in our values and across each area of work. Given our values and unique position in the market, this is an opportunity to distinguish ourselves from our various competitors and cement our position in our members and clients' perceptions of value. Our brands lend themselves to supporting this and it forms a valuable part of the content of our future marketing and communication activity, from policy related research to individual bid writing.

Key performance indicators for this area include:

- Member and associate engagement score
- User/client satisfaction
- External accreditation and regulation (e.g. Ofsted, ISO9001)

Strengthen Solace's long-term future by creating a more robust, digitally mature, learning organisation

Solace is investing in its digital infrastructure in order to enable a greater, more innovative level of digital working. Our approach to learning and events in particular was accelerated and transformed during the recent pandemic and the significant upgrade in our infrastructure means that we are now better placed to offer access to services online and accessibly. The bedrock of this investment is our upgraded CRM system and website, with further revisions and improvements continuing to roll-out into the next business planning period. These will deliver projects to improve our digital capabilities across all our established markets.

**Report of the Trustees (continued)
for the year ended
31 March 2022**

Future Plans: 3-year priorities (cont'd)

Strengthen Solace's long-term future by creating a more robust, digitally mature, learning organisation (cont'd)

As a small business operating across a range of diverse markets, internal capacity and capability have been identified as core corporate risks during the period of the current business plan as our individual teams can lack resilience when compared to key competitors. While our team structures give the organisation a degree of agility, specialisation in some areas is difficult and potentially leaves us vulnerable to resourcing challenges including staff recruitment, staff career development and absences.

To mitigate these challenges we will continue to target revenue growth and make proportionate increases to the staff team to safely support this - targeted at service areas where there is realistic potential and where increased scale will deliver wider benefits to the strategic and operational management of the organisation.

Key performance indicators for this area include:

- Member and associate engagement score
- Staff engagement

Key strategic programmes for 2022-23

In addition to the general activity outlined above, for 2022-23 the executive team have identified five key programmes of activity to deliver against the indicated 3-year priorities. These are:

Accommodation:

The group's existing office accommodation is not suitable for current or future needs in terms of its condition, ventilation, layout, capacity or accessibility. A lease break option has therefore been exercised which crystallises in August 2022. New workspace arrangements are being pursued and are expected to begin during the 2022-23 financial year which:

- Align with organisational strategy, culture and values
- Nurture maximisation of operational efficiency and promote the Solace group as an agile organisation
- Facilitate delivery of high-quality services, internally and externally
- Promote inclusion and fairness
- Support staff well-being

Digital:

Much of the current Solace offer remains reliant on personal relationships and face-to-face interactions, despite the significant changes made during the past two years. This is a positive attribute for some of our services and particularly those aimed at the most senior staff in the sector, whether that be memberships, personal development, or recruitment. However, this is a limiting factor on the organisation and a different, more digitally enabled approach is required if greater scale is to be achieved.

Research has also told us that our current and potential early career and established leader members are also looking for products and other content from us that is available to self-serve. Continued development of our online presence and offer will be based on an interactive, responsive, intelligent system enabling an enhanced member/customer experience.

Anti-racism:

The diversity of Local Government senior management across the UK does not currently reflect the communities that it serves in terms of race. The challenge is wide-ranging but Solace has identified three specific areas on which to focus: an absence of support targeted at black and other ethnic minorities council employees to help them into senior roles in the sector; no benchmark for what council's might consider good in this area or to support improvement; a lack of data on the ethnicity profile of council senior staff to enable objective analysis of the current status.

The Solace Board has therefore prioritised three specific actions: a development programme targeted at individuals from ethnic groups currently thought to be underrepresented in local government senior management; a consultancy offer/challenge aimed at supporting councils to improve their approach and a support service to help them implement it; and, improved data in this area including regular reporting on the ethnic profile of senior management in the sector.

Workforce:

As Solace continues to develop as an organisation our people will be asked to work in different ways and to achieve different ends than may have previously been the case, particularly in the context of a 'new normal' for increased digital engagement and fresh ways of working. We also want to promote the diversity of individual voices and to enhance the extent to which our workforce reflects the communities served by our clients.

**Report of the Trustees (continued)
for the year ended
31 March 2022**

Key strategic programmes for 2022-23 (cont'd)

Workforce (cont'd):

The organisation's approach to on-boarding new staff will therefore be refreshed along with a range of staff-related policies and procedures, each ensuring that appropriate culture and values are hardwired into the fabric of the changing organisation and developed with contribution from our staff engagement group and a continued focus on wellbeing.

Leadership Academy:

The impact of the pandemic has exposed the challenge of recruiting and retaining a cadre of highly motivated and capable senior managers in local government. Individuals are reaching senior roles without the breadth and depth of experience that was previously the norm. This increases the potential for mismanagement or failures in governance and increases risks for local councils. Unlike other parts of the public sector there is no coordinated approach or funding to lead or invest in the development of a local government leadership pipeline.

Solace is uniquely positioned to work with Government to establish a 'Leadership Academy' similar to those provided by other parts of the public sector. This is a significant, vision project for which 2022-23 would see foundational development activity towards a coordinated and inclusive approach to local government workforce investment and development, and ultimately the access to structured career management and progression.

Structure, Governance and Management

Governing document

The charity is controlled by its governing document (a deed of trust dated 9 January 1986), and constitutes a company limited by guarantee (incorporated in England & Wales). It is governed by Memorandum and Articles of Association which were last amended and ratified by the company in general meeting on 17 October 2018.

Organisational structure

The charity is governed by directors who are also the trustees of the charity, as listed on page 8. The directors are responsible for administering the funds in accordance with the Trust Deed.

The directors meet a minimum of four times a year, to set organisational strategy and business plans and to review operational and financial performance. When carrying out their governance duties for the charity, the directors have regard for the guidance on public benefit published by the Charity Commission.

Day to day responsibility for running the charity is delegated to the Managing Director and senior executive staff, based on appropriate schemes of delegation determined by the directors.

Recruitment and appointment of new directors

Directors of the charity are identified from within the membership and appointed at the Annual General Meeting.

Third party indemnity provision for directors

The charity has third party indemnity insurance in place covering all directors of the charity .

Induction and training of new directors

New directors receive an induction programme which includes information and guidance on the liabilities and responsibilities of company directors and charity trustees, a copy of the Memorandum and Articles of Association and background information relating to budgets, forward plans and details of previous key decisions.

Disability and equality policy

All applicants for positions with the charity are given full and fair consideration. Employment, training and general policies are applied equally to all affected individuals.

Pay policy for senior staff

The directors consider that the board of directors (who are the charity's trustees) and the executive heads of service comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

**Report of the Trustees (continued)
for the year ended
31 March 2022**

Pay policy for senior staff (cont'd)

All non-executive directors give of their time freely in that capacity and no director received remuneration during the year (2021: £nil) in connection with their appointment or duties as a director of the charity. Details of directors' expenses are provided in note 12 to the financial statements.

Staff pay is reviewed annually. Recommendations relating to senior staff and executive directors are considered by the non-executive directors on the Board or by a sub-committee of non-executive directors and relevant advisors. Any agreed pay increase would generally be based on consideration of a range of potential influencing factors, such as inflation measures and public sector pay awards. Market rates for comparable roles are also periodically considered, particularly as part of recruitment activities.

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows:

**Key management personnel: Trustees and Directors of
The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd**

Specified elected roles:

Chair: G L Jones
Finance lead: A W Muter
Solicitor/Company Sec: D E Forrester-Brown
President: J L Roney
SIB Chair: R E Hyde

Other elected non-executive directors:

S L Bridglalsingh	(appointed 13 October 2021, resigned 17 June 2022)
J Burns	D V Plank
A M Donaghy	E Rogers (appointed 13 October 2021)
S H Fitzgerald	J R Rowlands (appointed 13 October 2021)
P R Frainer	S L Sanders
A M Hill	D Terris (resigned 14 June 2021)
N Hussain-Duke	D R Thomas (appointed 13 October 2021)
C D Naylor	M T Weastell (resigned 13 October 2021)

Employed executive director:

G V McDonald

**Key management personnel: Senior managers of
The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd**

Managing Director	G V McDonald
Director of Learning	T I Birtwell
Director of Engagement	J A Howarth
Director of Policy, Partnerships & Public Affairs	A J B Thomson

Key management personnel: Senior managers of Solace In Business Ltd

Business Development Director	T J McDougall
Director of Corporate Resources	S R P Chambers
Director of Executive Resourcing & Assessment	S J Guest
Director of Interim Management	J K Mullinger

Our advisers

Auditors	SMH Jolliffe Cork Audit Ltd, 33 George Street, Wakefield WF1 1LX
Bankers	Lloyds Bank plc, 27-31 White Hart Street, High Wycombe, HP11 2HL National Westminster Bank Plc, 23 Uplands Crescent, Swansea SA2 0NY

**Report of the Trustees (continued)
for the year ended
31 March 2022**

Reference and administrative details

Company number	4053417
Charity number	1084419
Registered office	33 George Street Wakefield West Yorkshire WF1 1LX

Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also the directors of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to the auditor

In so far as the trustees are aware at the time of approving the trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the trustees on 16th September 2022

G L Jones
Trustee

**for the year ended
31 March 2022**

Opinion on financial statements

We have audited the financial statements of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and the Parent Charity Balance Sheet, the Consolidated Cash Flow Statement and the related notes. 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 group's and the parent charitable company's affairs as at 31 March 2022, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

**for the year ended
31 March 2022**

Matters on which we are required to report by exception

In light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group through discussions with the trustees and other informed management which we considered may have a direct material effect on the financial statements or the operations of the group and thereafter, the audit team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud and considered the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

**for the year ended
31 March 2022**

The extent to which the audit was considered capable of detecting irregularities including fraud (cont'd)

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias and investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims and reviewing correspondence with the group's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the charitable company's members and trustees, 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 and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Claire Lawton FCA DChA (Senior Statutory Auditor)
for and on behalf of
SMH Jolliffe Cork Audit Ltd
Chartered Accountants and Statutory Auditor
33 George Street
Wakefield, WF1 1LX

23rd September 2022

Consolidated Statement of Financial Affairs (including consolidated income and expenditure account)
for the year ended
31 March 2022

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2022 £	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
INCOME							
Donations		-	-	-	-	-	-
Income from charitable activities	4	1,874,167	279,007	2,153,174	1,343,082	450,000	1,793,082
<i>Income from other activities</i>							
Commercial trading operations	5	6,058,158	-	6,058,158	5,577,081	-	5,577,081
Government grants	6	528	-	528	35,485	-	35,485
Income from investments	7	2,268	-	2,268	3,145	-	3,145
Total income		<u>7,935,121</u>	<u>279,007</u>	<u>8,214,128</u>	<u>6,958,793</u>	<u>450,000</u>	<u>7,408,793</u>
EXPENDITURE							
<i>Cost of raising funds</i>							
Investment management costs	8	2,422	-	2,422	2,264	-	2,264
Commercial trading operations	5	5,558,430	-	5,558,430	5,119,965	-	5,119,965
<i>Expenditure on charitable activities</i>							
Education & Training	10	1,749,770	182,390	1,932,160	1,188,174	260,233	1,448,407
Membership services	10	622,397	-	622,397	565,781	-	565,781
Total expenditure		<u>7,933,019</u>	<u>182,390</u>	<u>8,115,409</u>	<u>6,876,184</u>	<u>260,233</u>	<u>7,136,417</u>
Net income / (expenditure) before transfers		2,102	96,617	98,719	82,609	189,767	272,376
Gross transfers between funds		-	-	-	-	-	-
Net income / (expenditure) before recognised gains / (losses)		2,102	96,617	98,719	82,609	189,767	272,376
Other recognised gains / (losses)							
Unrealised gains / (losses) on investments		2,840	-	2,840	41,138	-	41,138
Net movement in funds for the year		4,942	96,617	101,559	123,747	189,767	313,514
Reconciliation of funds							
Total funds brought forward	20	1,368,311	341,150	1,709,461	1,244,564	151,383	1,395,947
Total funds carried forward	20	<u>1,373,253</u>	<u>437,767</u>	<u>1,811,020</u>	<u>1,368,311</u>	<u>341,150</u>	<u>1,709,461</u>

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

The notes on pages 16 to 24 form an integral part of these financial statements.

Consolidated Balance Sheet

as at

31 March 2022

	Notes	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Fixed assets					
Tangible assets	13	148,274	189,558	90,011	122,937
Investments	14	158,546	155,988	220,580	218,022
Total Fixed Assets		<u>306,820</u>	<u>345,546</u>	<u>310,591</u>	<u>340,959</u>
Current assets					
Debtors	15	1,365,451	1,123,553	336,538	216,327
Cash at bank and in hand		1,965,236	1,991,737	1,424,817	1,389,430
Total Current Assets		<u>3,330,687</u>	<u>3,115,290</u>	<u>1,761,355</u>	<u>1,605,757</u>
Creditors: falling due within one year	16	1,756,798	1,739,424	788,440	720,972
Net current assets		<u>1,573,889</u>	<u>1,375,866</u>	<u>972,915</u>	<u>884,785</u>
Total assets less current liabilities		1,880,709	1,721,412	1,283,506	1,225,744
Provisions for liabilities and charges	17	69,689	11,951	-	-
Net Assets		<u>1,811,020</u>	<u>1,709,461</u>	<u>1,283,506</u>	<u>1,225,744</u>
The funds of the charity					
Unrestricted income funds	20	1,373,253	1,368,311	845,739	884,594
Restricted income funds	20	437,767	341,150	437,767	341,150
Total charity funds		<u>1,811,020</u>	<u>1,709,461</u>	<u>1,283,506</u>	<u>1,225,744</u>

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The financial statements were approved by the Trustees on 16th September 2022 and signed on their behalf by:

G L Jones
Trustee

Statement of Cash Flows and Consolidated Statement of Cash Flows

as at

31 March 2022

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Cash flows from operating activities				
Net movement in funds for the year	101,559	313,514	57,762	336,753
Adjustments for:				
Depreciation	57,213	51,074	37,122	35,376
Unrealised investment (gains) / losses	(2,840)	(41,138)	(2,840)	(41,138)
Re-invested dividend income	(2,140)	(2,651)	(2,140)	(2,651)
Fees netted off investment portfolio	2,422	2,264	2,422	2,264
Interest received	(128)	(494)	(14)	(146)
Loss / (gain) on disposal of fixed assets	-	-	-	-
Decrease / (increase) in debtors	(241,898)	250,954	(120,211)	100,034
Increase / (decrease) in creditors	17,374	(31,333)	67,468	103,769
Increase / (decrease) in provisions	57,738	7,256	-	-
Cash generated from / (used in) operating activities	(10,700)	549,446	39,569	534,261
Cash flows from investing activities				
Interest received	128	494	14	146
Fixed asset purchases	(15,929)	(81,041)	(4,196)	(34,405)
Released from managed portfolio	-	-	-	-
Cash provided by / (used in) investing activities	(15,801)	(80,547)	(4,182)	(34,259)
Cash flows from financing activities	-	-	-	-
Increase / (decrease) in cash and cash equivalents in the year	(26,501)	468,899	35,387	500,002
Cash and cash equivalents at the beginning of the year	1,991,737	1,522,838	1,389,430	889,428
Cash and cash equivalents at the end of the year	1,965,236	1,991,737	1,424,817	1,389,430

**Notes to the Consolidated Financial Statements
for the year ended
31 March 2022**

1 Accounting policies

1.1 Basis of preparation

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) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The charity's functional and presentation currency is the pound sterling £. All financial information presented has been rounded to the nearest £, unless otherwise stated.

1.2 Basis of consolidation

The group financial statements consolidate the results of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd and its subsidiary Solace In Business Ltd.

Subsidiary undertakings are included using the acquisition method of accounting. Under this method the group net incoming resources include the results of subsidiaries from the date of acquisition and to the date of sale outside the group in case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

The trustees have taken advantage of the exemption afforded by section 408 of the Companies Act 2006 and a separate Statement of Financial Activities and income and expenditure account for the charity has therefore not been presented.

1.3 Going concern

The financial statements have been prepared on a going concern basis. In preparing the accounts the trustees have considered possible risks, events or conditions that might cast significant doubt on the ability of the charitable company to continue as a going concern and therefore on the appropriate use of the going concern basis.

Regularly monitoring the operational and financial performance of the charity and its subsidiary is part of the routine activities of executive management (monthly) and of the separate company boards (quarterly). This includes detailed management accounts and the analysis of pipeline activity (income and margins), together with performance indicators ranging from opportunity conversion rates to customer satisfaction across all areas of activity. Financial forecasts for the period through to 31 August 2023 have, together with current reserves and cash balances, also been reviewed as part of that regular monitoring activity. Based on such reviews and related enquiries, the trustees have concluded that there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future and therefore they have continued to adopt the going concern basis in preparing its financial statements.

1.4 Fixed assets

a) Fixed assets are initially recorded at historic cost.

b) Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets except freehold land, over their expected useful lives. It is calculated at the following rates:

Improvements to short leasehold property	Over the term of the lease
Fixtures & Fittings	25% on reducing balance
Computer equipment	20% or 33% on cost

1.5 Fixed Asset investments

Investments in subsidiaries are stated at historical cost less provision for diminution in value. Other investments are stated at fair value.

1.6 Income recognition

a) Income from charitable activities (including trading) in the form of services is recognised in the relevant period(s) in which the activity takes place or is earned. Activity income received in advance is deferred until entitlement to the income has arisen at which time it is credited to the Statement of Financial Activities.

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2022

1.6 Income recognition (cont'd)

- b) Donations and voluntary income are accounted for when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.
- c) Grant funding received for a specified area of the charity's work or for a specific purpose is accounted for as restricted funds. Grants received without restriction are recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.
- d) Investment income is recognised on an accruals basis.

1.7 Gift aid distribution from subsidiary company to parent charity

Profits over and above those needed to meet the working capital requirements of subsidiary companies are transferred to the parent charity by way of a gift aid distribution. As no legal obligation exists, the distributions in respect of the current and comparative year represent amounts paid as at the balance sheet date.

1.8 Expenditure

- a) All expenditure is accounted for on an accruals basis. VAT is recovered on relevant expenditure. Irrecoverable VAT is included within the relevant expense of the charity in the year in which it is incurred.
- b) Activities in furtherance of the charity's objectives include the direct costs of staff and property together with the costs of projects and activities.
- c) The trustees consider that management and administration costs of the charity are not material when taken in the context of amounts spent on charitable activities. All members of staff have been active in fulfilling the objectives of the charity.

1.9 Support costs

Support costs relate to functions that assist the work of the charity but do not directly undertake charitable activities. They include back office, finance, personnel, payroll and governance costs (e.g. the preparation and examination of the statutory accounts, the costs of directors meetings and the cost of legal advice on constitutional matters). The bases on which support costs have been allocated are set out in note 11.

1.10 Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.11 Pensions

The charity operates a defined contribution pension scheme. Contributions are recognised in the Statement of Financial Activities in the period in which they become payable in accordance with the rules of the scheme.

1.12 Fund accounting

The charity has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

- | | |
|---------------------------|--|
| Unrestricted funds | - Funds are expendable at the discretion of the trustees in furtherance of the objects of the charity. |
| Restricted funds | - Restricted funds can only be used for particular restricted purposes within the objectives of the charity. These arise when funds are subject to specific restrictive conditions imposed by funders/donors or by the purpose of the grant. |
| Designated funds | - The trustees may at their discretion set aside unrestricted funds for specific purposes. |

2 Legal status and control

The charity is a company limited by guarantee. All members have agreed to contribute an amount not exceeding £1 each to the assets of the company in the event of it being wound up.

The charity is controlled by its members. Membership of the charitable company is open to individuals designated as senior officers of local authorities in England, Scotland, Wales, Northern Ireland, the Channel Islands and the Isle of Man. Membership is also open to senior officers of any joint or other board, authority or committee exercising local government or police functions in any of the indicated geographic areas.

Elected members of local authorities are not eligible to for membership of the charitable company, notwithstanding that they may be otherwise qualified.

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2022

3 Financial performance of the charity

The Consolidated Statement of Financial Activities includes the results of the charity's wholly owned subsidiary company (note 5), which provides Interim placement and executive recruitment services. The summary financial performance of the charity alone is as follows:

	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
Donations	-	-	-	-
Government grants (note 6)	323	-	323	6,190
Gift aid distribution from trading subsidiary (note 5)	456,250	-	456,250	510,000
Income from investments	2,154	-	2,154	2,797
Income from charitable activities	1,874,167	279,007	2,153,174	1,793,082
	<u>2,332,894</u>	<u>279,007</u>	<u>2,611,901</u>	<u>2,312,069</u>
Investment management fees	(2,422)	-	(2,422)	(2,264)
Expenditure on charitable activities	(2,372,167)	(182,390)	(2,554,557)	(2,014,190)
Net income	<u>(41,695)</u>	<u>96,617</u>	<u>54,922</u>	<u>295,615</u>
Unrealised gains / (losses) on investments	2,840	-	2,840	41,138
Total funds brought forward	884,594	341,150	1,225,744	888,991
Total funds carried forward	<u>845,739</u>	<u>437,767</u>	<u>1,283,506</u>	<u>1,225,744</u>
Represented by:				
Restricted income funds			437,767	341,150
Unrestricted income funds			845,739	884,594
			<u>1,283,506</u>	<u>1,225,744</u>

	Unrestricted £	Restricted £	Total Funds 2022 £	Total Funds 2021 £
4 Income from charitable activities				
Education and training	1,563,887	235,000	1,798,887	1,492,117
Membership activities	310,280	44,007	354,287	300,965
	<u>1,874,167</u>	<u>279,007</u>	<u>2,153,174</u>	<u>1,793,082</u>

Restricted income relating to education and training represents grant funding received in relation to specified activities.

5 Income from commercial trading operations

The charity has one wholly owned trading subsidiary, Solace In Business Ltd (note 14), which is incorporated in England and Wales and provides recruitment services to the public sector. Profits over and above those needed to meet the working capital requirements of the subsidiary are transferred to the charity by way of a gift aid distribution. The distribution amounts stated below are the total sums paid across within the relevant financial year.

	2022 £	2021 £
The summary financial performance of the subsidiary alone is as follows:		
Turnover	6,058,158	5,577,081
Government grants (note 6)	205	29,295
Cost of sales and administration costs	(5,506,764)	(5,112,709)
Exceptional costs	(63,346)	-
Interest receivable	114	348
Net profit	<u>488,367</u>	<u>494,015</u>
Taxation	11,680	(7,256)
Profit for the financial year	<u>500,047</u>	<u>486,759</u>
Gift aid distribution to parent charity	(456,250)	(510,000)
Retained in subsidiary	<u>43,797</u>	<u>(23,241)</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2022

5 Income from commercial trading operations (cont'd)

	2022	2021
	£	£
The assets and liabilities of the subsidiary were:		
Fixed assets	58,283	66,641
Current assets	1,572,563	1,518,787
Current liabilities	(971,613)	(1,027,730)
Provisions for liabilities and charges	(69,689)	(11,951)
Total net assets	<u>589,544</u>	<u>545,747</u>

The financial performance of the subsidiary for the year ended 31 March 2022 includes an exceptional cost item amounting to £63,346 in connection with the cessation of two operating leases related to land and buildings. In both instances, prior to 31 March 2022 the company issued break notices in line with the terms of the relevant lease and it has therefore provided for costs relating to the cessation of those leases during the year to 31 March 2023 including related dilapidations works.

6 Government grants

	Total	Total
	2022	2021
	£	£
Coronavirus Job Retention Scheme	102	35,008
Other government grants	426	477
	<u>528</u>	<u>35,485</u>

Coronavirus Job Retention Scheme grant was received for the purpose of paying staff furloughed because of the impact of Covid-19. There are no unfulfilled conditions or contingencies attaching to receipt of this grant. Staff placed on furlough during the period received 80% of their normal salary, including any relevant individual for whom regular earnings exceeded the maximum grant claim amount specified by the Coronavirus Job Retention Scheme.

Other government grants relate to Coronavirus Statutory Sick Pay claims.

7 Investment income

	2022	2021
	£	£
Dividends	2,140	2,651
Bank and other interest	128	494
	<u>2,268</u>	<u>3,145</u>

8 Investment management costs

	2022	2021
	£	£
Portfolio management	<u>2,422</u>	<u>2,264</u>

9 Staff costs and numbers

	2022	2021
	£	£
Salaries	1,599,888	1,371,276
Social security costs	145,322	133,244
Pension costs	101,236	93,737
	<u>1,846,446</u>	<u>1,598,257</u>

The average monthly number of employees during the year was as follows:

	Number	Number
	2022	2021
Executive directors	1	1
Other staff	44	37
	<u>45</u>	<u>38</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2022

10 Expenditure on charitable activities	Education & Training £	Membership Services £	Total 2022 £
Governance costs (note 11)	17,088	11,459	28,547
Support costs (note 11)	694,977	366,132	1,061,109
Direct delivery	1,093,084	104,513	1,197,597
Central premises	11,556	5,004	16,560
IT support and consumables	64,386	30,627	95,013
Communications	2,772	694	3,466
Depreciation	23,498	13,624	37,122
Travel & subsistence	4,184	1,661	5,845
Irrecoverable VAT	-	56,983	56,983
Marketing	9,004	9,004	18,008
Bank interest and transaction charges	2,452	1,421	3,873
International relationships and support	-	665	665
Other costs	9,159	20,610	29,769
	<u>1,932,160</u>	<u>622,397</u>	<u>2,554,557</u>

Expenditure on charitable activities was £2,554,557 (2021: £2,014,188) of which £2,372,167 was unrestricted (2021: £1,753,955) and £182,390 was restricted (2021: £260,233).

11 Governance and support costs

	Basis of apportionment	Support costs £	Governance £	Total 2022 £	Total 2021 £
Salaries and related costs	Staff roles and time allocation	1,058,814	21,161	1,079,975	882,842
Audit fee	Invoice description	-	7,086	7,086	6,250
Other professional and legal fees	Invoice description	61	-	61	2,728
Board running costs	Invoice description	-	300	300	205
Sundry expenses	Invoice description	2,234	-	2,234	3,878
		<u>1,061,109</u>	<u>28,547</u>	<u>1,089,656</u>	<u>895,903</u>

12 Staff costs, trustee remuneration and expenses, and the cost of key management personnel

The key management personnel of the group and the parent charity comprise the trustees and senior managers whose names are listed on page 8. Total remuneration and employee benefits for key management personnel amounted to £723,973 (2021: £708,029) including pension contributions of £50,488 (2021: £53,662). This includes one trustee, G McDonald (2021: one trustee - G McDonald) who received remuneration relating to their contract of employment with the charity or its subsidiary.

The number of employees earning more than £60,000 per annum (including related pension contributions) is:

	Group 2022	Group 2021	Charity 2022	Charity 2021
Between £60,001 and £70,000	1	1	-	-
Between £70,001 and £80,000	-	2	-	1
Between £80,001 and £90,000	3	1	1	1
Between £90,001 and £100,000	3	2	2	1
Between £100,001 and £110,000	-	1	-	-
Between £110,001 and £120,000	-	1	-	1
Between £120,001 and £130,000	1	-	1	-

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2022

12 Staff costs, trustee remuneration and expenses, and the cost of key management personnel (cont'd)

During the year ended 31 March 2022 no trustee (2021: no trustee) received remuneration or benefits from the charity for acting as, or in connection with, their appointment as a trustee of the charity. During the year no non-executive trustees (2021: no trustees) were reimbursed expenses (2021: £nil).

13 Tangible fixed assets

Group	Improvements to short leasehold to property £	Fixtures and fittings £	IT infrastructure £	Computer equipment £	Total £
Cost					
At 1 April 2021	60,105	4,118	220,305	72,347	356,875
Additions	-	-	8,402	7,527	15,929
Disposals	-	-	-	-	-
At 31 March 2022	<u>60,105</u>	<u>4,118</u>	<u>228,707</u>	<u>79,874</u>	<u>372,804</u>
Depreciation					
At 1 April 2021	60,105	4,118	42,725	60,369	167,317
Charge for the year	-	-	47,882	9,331	57,213
Disposals	-	-	-	-	-
At 31 March 2022	<u>60,105</u>	<u>4,118</u>	<u>90,607</u>	<u>69,700</u>	<u>224,530</u>
Net book value					
At 31 March 2022	<u>-</u>	<u>-</u>	<u>138,100</u>	<u>10,174</u>	<u>148,274</u>
At 31 March 2021	<u>-</u>	<u>-</u>	<u>177,580</u>	<u>11,978</u>	<u>189,558</u>
Charity					
			IT infrastructure £	Computer equipment £	Total £
Cost					
At 1 April 2021			169,751	14,680	184,431
Additions			3,082	1,114	4,196
Disposals			-	-	-
At 31 March 2022			<u>172,833</u>	<u>15,794</u>	<u>188,627</u>
Depreciation					
At 1 April 2021			51,401	10,093	61,494
Charge for the year			34,541	2,581	37,122
Disposals			-	-	-
At 31 March 2022			<u>85,942</u>	<u>12,674</u>	<u>98,616</u>
Net book value					
At 31 March 2022			<u>86,891</u>	<u>3,120</u>	<u>90,011</u>
At 31 March 2021			<u>118,350</u>	<u>4,587</u>	<u>122,937</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2022

14 Investments	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Listed investments (managed portfolio)	158,546	155,988	158,546	155,988
Investment in subsidiaries	-	-	62,034	62,034
	<u>158,546</u>	<u>155,988</u>	<u>220,580</u>	<u>218,022</u>

Investment in subsidiaries

Subsidiary company	Solace In Business Ltd, registered in England & Wales (Company No. 3150254)		
Nature of business	Interim placement and executive recruitment		
Number, class and percentage of shares held	19 ordinary	(100%)	
Net assets at 31 March 2022	£589,544		

The activities and results of this subsidiary company are summarised in note 5.

Subsidiary company	SEL Business Services Limited, registered in England & Wales (Co. No. 8704424)		
Nature of business	Dormant		
Number, class and percentage of shares held	20 ordinary	(100%)	
Net assets at 31 March 2022	£20		

Listed investments (managed portfolio)	Total £
Market value	
At 1 April 2021	155,988
Additions	2,140
Revaluations	2,840
Management fees	(2,422)
Reclassification / transfer	-
At 31 March 2022	<u>158,546</u>
Net book value	
At 31 March 2022	<u>158,546</u>
At 31 March 2021	<u>155,988</u>

There are no investment assets outside the UK

15 Debtors	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	1,096,658	872,389	203,805	107,158
Other debtors	6,634	-	523	-
Prepayments and accrued income	262,159	251,164	132,210	109,169
	<u>1,365,451</u>	<u>1,123,553</u>	<u>336,538</u>	<u>216,327</u>

16 Creditors	Group		Charity	
	2022	2021	2022	2021
	£	£	£	£
Amounts falling due within 1 year:				
Trade creditors	770,898	678,344	194,445	155,494
Other creditors	17,868	16,224	9,847	8,361
Corporation tax	-	-	-	-
Social security and other taxes	178,357	303,767	82,701	51,921
Amounts owed to group undertakings	-	-	3,235	9,258
Accruals and deferred income	789,675	741,089	498,212	495,938
	<u>1,756,798</u>	<u>1,739,424</u>	<u>788,440</u>	<u>720,972</u>

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2022

17 Provisions for liabilities and charges

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

The trading subsidiary, Solace In Business Ltd, is not exempt from taxation (see note 5). Taxation for the year comprises current and deferred tax. Current tax is recognised at the amount of tax payable using the rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, as set out below:

Provision has been made by the trading subsidiary, Solace In Business Ltd, against costs arising from the issue of break notices on two operating leases (land and buildings), included related dilapidations (see note 5).

	Group	
	2022	2021
	£	£
Deferred tax	6,343	11,951
Exceptional costs relating to cessation of operating leases (note 5)	63,346	-
	<u>69,689</u>	<u>11,951</u>
	Deferred tax	
	£	
At 1 April 2021	11,951	
Movement in year	<u>(5,608)</u>	
At 31 March 2022	<u>6,343</u>	

18 Operating leases

As at 31 March 2022 commitments under non-cancellable operating leases were as follows:

	Land & Buildings	Other	Land & Buildings	Other
Group	2022	2022	2021	2021
	£	£	£	£
Due within one year	6,242	-	15,475	-
Due within two to five years	-	-	6,242	-
Due over 5 years	-	-	-	-
	<u>6,242</u>	<u>-</u>	<u>21,717</u>	<u>-</u>
	Land & Buildings	Other	Land & Buildings	Other
Charity	2022	2022	2021	2021
	£	£	£	£
Due within one year	-	-	-	-
Due within two to five years	-	-	-	-
Due over 5 years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

19 Pensions schemes

Defined contribution pension scheme

The charitable group operates a defined contribution pension scheme for the benefit of all employees. Contributions to the scheme for the year ended 31 March 2022 amounted to £101,236 (2021: £93,737). This includes accrued contributions of £17,868 (2021: £16,224) included in other creditors (note 16).

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2022

20 Funds	Balance at 1 April 2021 £	Net incoming Resources £	Transfers £	Balance at 31 March 2022 £
Unrestricted				
General	1,057,619	32,447	-	1,090,066
Designated	310,692	(27,505)	-	283,187
	<u>1,368,311</u>	<u>4,942</u>	<u>-</u>	<u>1,373,253</u>
Restricted				
Managerial leadership	168,000	42,360	-	210,360
Coaching & Mentoring	173,150	(64,750)	-	108,400
Sector research	-	44,007	-	44,007
Skills training	-	75,000	-	75,000
	<u>341,150</u>	<u>96,617</u>	<u>-</u>	<u>437,767</u>

Designated funds:

The directors have identified that certain unrestricted funds should be ring-fenced as follows:

- Branch reserves - representing the historic surplus or deficit accumulated through various geographically based activities covering Solace Group members in Scotland, Wales, Northern Ireland and certain English regions.

Restricted funds:

- Managerial leadership grant funding received to subsidise the formulation and delivery of tailored programmes which support public sector leaders and strategic managers in the development of their people and organisations to meet current and future sector challenges, demands and opportunities.
- Grant funding to provide subsidised coaching and mentoring for local authority senior managers focused on Covid-19 management, response and recovery activity.

Sufficient cash resources are held to enable each of the identified funds to be applied without any restrictions.

21 Analysis of Group net assets between funds

Funds balances at 31 March 2022 are represented by:	Unrestricted £	Designated £	Restricted £	Total £
Tangible fixed assets	148,274	-	-	148,274
Investments	158,546	-	-	158,546
Current assets	2,609,733	283,187	437,767	3,330,687
Creditors: amounts falling due within 1 year	(1,756,798)	-	-	(1,756,798)
Provisions for liabilities and charges	(69,689)	-	-	(69,689)
	<u>1,090,066</u>	<u>283,187</u>	<u>437,767</u>	<u>1,811,020</u>

22 Capital commitments

Capital amounts contracted at 31 March 2022 but not provided for in these financial statements amounted to £nil for the group and charitable company (2021: £nil).

23 Related Party Transactions

During the year ended 31 March 2021 the charity received a gift aid distribution of £456,250 (2021: £510,000) from Solace In Business Ltd (note 5).

Other related party transactions made by the group during the year ended 31 March 2022 were:

- N Hussain-Duke, a trustee of the charity, received payment of £150 (2021: £nil) from the charity for professional services supplied and payment of £1,000 (2021: £nil) from the subsidiary company (Solace In Business Ltd) for professional services supplied to that company.

Accounts

Registered charity number: 1084419
Company number (registered in England & Wales): 04053417

The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd
(a company limited by guarantee)

Consolidated financial statements
for the year ended
31 March 2021

**Consolidated financial statements
for the year ended
31 March 2021**

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**Report of the Trustees
for the year ended
31 March 2021**

The trustees present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2021 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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 (FRS102) (effective 1 January 2019).

Objectives and activities

Objects

The objects of the charity are: "To promote any charitable purpose in particular the relief of poverty, sickness and distress, the advancement of education, the preservation and protection of health, the provision of public works and services and public amenities and facilities for recreation or other leisure time occupation in the interests of social welfare, particularly through the promotion of efficiency and good practice in local government."

The charity's governing documents permit it to do anything lawful that is deemed necessary to promote its objects, including (inter alia): employing staff; promoting, encouraging or undertaking study or research or disseminating the results of such; producing, printing and publishing anything in written, oral or visual media in furtherance of the objects; providing or procuring the provision of services, training, consultancy, advice, support, counselling and guidance in furtherance of the objects or any of them; promoting and supporting such legislative, social and administrative reform as may assist the charity's objects; and, entering into any arrangements with any governments, authorities or any person, company or association necessary to promote any of the charity's objects.

Aims and purpose

Strategic aims of the charity are focused on:

- providing opportunities for local public service leaders to **learn, develop** and to **network** with each other and with contemporaries from other areas of public life;
- **influencing** debates about the future of public services, to ensure that **policy** is informed by the experience and expertise of our members;
- building the **integrity** and **reputation** of public service management; and
- supporting local public services to **recruit and place** the brightest and best to their leadership roles.

The Solace group's purpose is:

- to enable places to thrive by releasing the power and voice of people working in local public services

Achievements and performance

2020/21 was an unprecedented year for us all. Solace responded swiftly which enabled the organisation to shift service delivery to suit a very different context and retain focus on our core purpose while maintaining a robust financial position.

As the Covid-19 crisis emerged at the beginning of 2020 the Solace executive team put a business continuity plan into operation. The plan had four elements: transition to working remotely; stabilise the organisation in the new context; underpin our long-term future; support the sector. The prompt response enabled all members of staff to be working from home in mid-March 2020, so as the new financial year started our focus could move to considering the longer term implications, underpinning our long term future and continuing to ensure delivery of our charitable purpose.

While the context in which Solace operates has since changed significantly, our overall purpose, strategy and medium-term priorities from these discussions remain pertinent. The resultant plan provided a basis for Solace group operations in the short term in support of our longer-term priorities and goals, while also remaining adaptable to respond to opportunities and challenges as they might arise and as the impact of the crisis for us and the sector more widely was

Policy

Policy activity took on a prominent role as the Covid pandemic impacted on the country in the early months of 2020. Solace acted as an important source of local government insight for the national government. Through Solace's President and our policy leads, we were able to ensure local government's professional voice was heard clearly as important decisions were being made in Whitehall. We also had civil servants attending policy board, which met weekly at the height of the pandemic, and provided an important sounding board for stakeholders as well as each other.

**Report of the Trustees (continued)
for the year ended
31 March 2021**

Achievements and performance (cont'd)

The increased level of engagement with Government resulted in over 280 meetings during the year (an uplift of over 150%), as well as over 500 meetings with other stakeholders. As the year progressed the engagement levels were maintained and enabled us to influence Government and other key stakeholders on longer term issues, as well as on the immediate emergency response. Simultaneously Solace still regularly contributed within sector media and others. This enabled us to create a wider influence and ensure that the professional voice of local government is still heard. Solace contributed 33 media articles across the year, as well as over 150 press mentions.

Member Engagement

Engagement with our members was a priority, particularly in the early months of the pandemic. We switched our regular weekly member bulletin to be a daily briefing during the height of the pandemic, providing a vital source of information to our members as well as an important network through which government and other players in the emergency response could communicate with senior council staff. The recruitment of new members was de-prioritised as we opened access to Solace information channels and spent less time marketing and recruiting membership. This meant membership numbers fell back slightly during the year, but it has had no significant impact financially and is expected to recover quickly.

The pandemic has completely changed the approach to our events, with no face-to-face activity during the year and the programme quickly moving online. This enabled us to engage with a much broader group of local government professionals and by the end of the year 6,356 individuals had attended one of our online events with 178 attending virtual branch events.

As the year unfolded, we also prioritised our personal development activity - in particular the coaching and mentoring support we offer to members and the wider sector. With the sector on the frontline of the pandemic response individuals were under significant pressure and operating in an environment new to everyone. In this context, the support of coaches and mentors proved invaluable and by the end of the year over 650 individuals had utilised this support, up from 200 during the previous year.

Leadership development

Following a swift move to online learning, during the year to March 2021 the charity also supported the learning of 683 individuals as part of our organisational development activity across 43 organisations, as well as 101 individuals across four regional programmes. Overall, our most significant leadership development programmes during the year remained:

- Continuation of the national graduate development programme, which introduces high quality graduates to a career in local government.
- The eighth year of our Springboard programme for talented aspiring leaders from across the UK.
- The sixth year of Total Leadership, an innovative partnership between Solace and the University of Birmingham bringing the best of academic rigor together with practical hands-on experience to create a career defining learning experience for Executive Leaders.
- Another cohort of our Ignite programme for experienced Council Chief Executives.
- Continued expansion of our regional apprenticeship programme in leadership and management despite the challenges of the pandemic.

Recruitment support

The interim and permanent recruitment activity of the trading subsidiary, Solace In Business, has again provided over £500,000 in the year to March 2021 to help support Solace's charitable aims. Solace In Business complements the aims and objectives of the charity by being grounded in public service values and through its placement of quality resources into the local government sector. The social enterprise model enables it to shape the market – for example in areas such as gender equality and wider diversity challenges – in a manner not replicated by competitors. These non-financial benefits remain an important addition to the financial contribution which helps ensure Solace is able to grow the breadth and depth of its support to individual members and also contribute to the wider improvement of the local government sector.

Key performance indicators

In addition to detailed management accounts, a range of indicators are used by the trustees and executive management to monitor and direct activities as appropriate. These include: income and margins; sickness absence; membership renewals and additions; conversion rates for tendered activity; associates utilisation; and, customer satisfaction across all areas of activity. Further information is given in the section of this report relating to Future Plans.

Report of the Trustees (continued)
for the year ended
31 March 2021

Public Benefit

The aims and activity of the charity provide benefits to the public through a variety of means, including:

- the promotion of efficiency and good practice in local government to facilitate better provision of public works, services and amenities in the interests of social welfare;
- the promotion of knowledge, skills and competence amongst its members - being individuals wholly or mainly employed as local authority chief executives and senior managers; and
- promoting the cause of local government, including parliamentary lobbying and influence on policy discussions and decision-making.

These benefits have this year been primarily achieved through the achievements, performance and activities highlighted

In the furtherance of these aims the directors have complied with the duty in s.4 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirements under that Act.

Financial Review

Investment policy

Investment powers are governed by the Articles of Association. Currently there are no investment restrictions in place and the investment objectives are: a balance of capital growth and income from investments; and, an overall medium tolerance of risk. The investment is therefore held in a mixture of medium to high risk investment portfolios. Financial gains from the current investments are automatically reinvested.

Investment performance

Tilney Bestinvest continue to manage an investment portfolio on behalf of the charity. The portfolio was valued at £155,988 on 31 March 2021 including a £41,138 gain on revaluation. In the year ended 31 March 2021 there was an overall £41,525 net increase in funds after investment management charges (note 14).

Whilst funds are invested in medium to high risk portfolios the investment manager has advised that "the indirect investment approach of the investment trust holdings within the portfolio are of a less risky nature than a single direct equity investment, although technically the same risks apply due to the legal structure of investment trusts".

Results for the year

Full details of the financial transactions are contained in the attached financial statements.

	£
Total income for the year was	7,408,793
After deducting expenditure of	7,136,417
The net income / (expenditure) before recognised gains / (losses) was	<u>272,376</u>
The net assets of the charitable group at 31 March 2021 were	<u><u>1,709,461</u></u>

Available funds

At 31 March 2021 the charity had freely available reserves for its general purposes amounting to
 This comprises the balance in unrestricted funds, excluding tangible fixed assets and investments.

£ 1,022,765

Reserves Policy

The charity's reserves policy is based on the value of unrestricted reserves excluding designated funds, with a target of covering 6 months operating costs (calculated to be £841,250 as at 31 March 2021) and a minimum of 3 months operating costs (£704,810 as at 31 March 2021). At £1,075,619 (note 20) the value of unrestricted reserves excluding designated funds as at 31 March 2021 compares favourably to the stated target reserves level. In the event that future circumstances require it, currently designated funds may be undesignated in order to address required needs.

Risks and uncertainties

Trustees have a duty to identify and review risks to which the charity is exposed and ensure appropriate controls are in place, including the provision of reasonable assurance against fraud and error. The trustees therefore closely monitor the operations of the charity and its trading subsidiary and review on a regular basis the nature of potential risks, their potential impact, likelihood of occurrence and means of mitigating them. As part of this process the trustees consider the adequacy of current internal controls and their ongoing suitability.

**Report of the Trustees (continued)
for the year ended
31 March 2021**

Risks and uncertainties (cont'd)

Government policy changes relating to and/or affecting the public sector are considered to be the principal risks and uncertainties. These are primarily dealt with by staying close to the sector and through active engagement in policy discussions.

The ongoing Covid-19 pandemic remains a key risk and uncertainty currently, through its impact (realised and potential) on the group's workforce, on market conditions and on future funding and requirements of local government as the group's principal customer base. Proactive, effective engagement with our members, partners and sector interest groups provides up-to-date intelligence which allows potential issues to be identified in a timely manner. This enables the Solace group to plan and respond accordingly based on sound management and control across all areas of the organisation, including specific operational and cost changes as necessary.

Financial risk management

The charity and its subsidiary use financial instruments comprising cash and debtors. Their main purpose is to finance the working capital cycle of the group. Policies for managing financial risks open to the group are:

Price risk	A range of suppliers are used to ensure market prices are not exceeded. Contracts are used for the supply of a range of goods and services and these are reviewed on a regular basis.
Credit risk	Customers are largely public sector organisations who by their nature are considered 'low risk'. Many are long-standing customers. Effective credit management procedures are also in place.
Interest risk	Returns on cash are maximised through utilising a range of interest bearing bank accounts.
Liquidity risk	A range of bank accounts are used which enable access to funds in line with cash flow projections. Group companies have a good relationship with their bankers.

Future Plans

Following a challenging year which saw Solace move quickly to a more flexible model of service delivery, 2021/22 provides an opportunity to embed the learning of the past 12 months while also pushing forward with further digital improvements and getting pre-Covid-19 plans back on track. Our new model of working gives us the agility to respond to further pandemic impact and work changes whilst continuing to deliver our key objectives and make progress towards our longer-term goals.

With this in mind, in March 2021 the Solace Board re-confirmed the long-term purpose and goals of the organisation, and our previously identified key priorities:

Future Plans: 2030 goals

- Set the standard for the learning and development of professional leaders and managers in UK local government
- Be the influential voice in the UK for professional local government
- Be the go-to service for local government's talent management and leadership solutions

Future Plans: 3-year priorities

Over the next three years the goals set out above will be pursued by focusing on the following areas:

- Nurture a stronger relationship between Solace and the individuals we support by investing in member and client engagement
- Increase our relevance to a broad and diverse group of individuals throughout their career by improving our offer beyond executive members
- Evidence and promote our dynamism and expertise throughout our network, across the sector and with our stakeholders by investing in research, quality assurance and communications
- Strengthen Solace's long-term future by creating a more robust, digitally mature, learning organisation

In order to deliver these priorities, the executive team have identified a number of key projects for 2021/22. Many reflect activity we had - prior to Covid-19 intervening - intended to progress during 2020/21 and which have as a result of the pandemic taken longer to commence. However, others were important elements of our Covid-19 business continuity plan and will be important ingredients in our recovery from the financial hit of the crisis; for example: a nationwide programme of coaching has been established and can now be built upon; and, our digital activity in particular has accelerated including all our leadership programmes being delivered virtually.

**Report of the Trustees (continued)
for the year ended
31 March 2021**

Future Plans: 3-year priorities (cont'd)

Nurture a stronger relationship between Solace and the individuals we support by investing in member and client engagement

The breadth and status of the Solace network is our most significant competitive advantage across all service areas and has been identified as core to our unique selling point in all our markets. We have also recently invested in technology to improve the management of information across this network and to build on the inter-connectivity of our services. We need to complete this work and fully embed those systems into the processes and culture of the organisation.

In order to optimise the use of these new tools available to us, we need to invest in closer and more consistent engagement with members and our wider client base, and ensure this drives improved responsiveness across all services. At a national level this includes developing smooth, clear customer journeys so members and clients are able to access the full range of support they need in the most appropriate way. For example, our approach to pastoral support for members is currently ad hoc and inconsistent and requires a standardised and reliable approach which connects members with the breadth of personal and organisational support available. Our regional footprint is also variable, both across the UK but also across different service lines. We will explore new models of regional working to improve both member engagement and business development through personalised contact, events and regional approaches to leadership development.

Our associate base is another pool of untapped business development resource which we aim to gain greater leverage from. We need to ensure that the capability within our associate base remain strong, relevant and of high quality, while improving the two-way sharing of insight on Solace services and the sector itself.

Key performance indicators for this area include:

- Member and associate engagement scores, including web and social media
- Total number of members
- User/client satisfaction

Increase our relevance to a broad and diverse group of individuals throughout their career by improving our offer beyond executive members

The review of membership was a key priority during our last business plan period and led to a significant change of focus for the organisation. The impact of this change is being felt across all service areas and has led to a broadening of our offer, particularly in membership, events and learning and development.

Our membership has consistently grown but the impact of this has been limited on our membership numbers relative to our ambition. We have failed to attract significant numbers of early career or established leader categories, except where they are originally engaged through a learning and development programme. We therefore need to revisit our approach to individuals earlier in their careers to ensure it represents a valued product, in a form more accessible to them and by utilising the growing digital opportunities to enhance our offer.

Key performance indicators for this area include:

- Total number of members by membership category
- Proportion of members by ethnicity and gender

Evidence and promote our dynamism and expertise throughout our network, across the sector and with our stakeholders by investing in research, quality assurance and communications

Solace seeks to be an evidence-led organisation focused on the quality of our service. This is embedded in our values and across each area of work. This is currently integrated into other workloads and not an area of real focus or investment. For example, we do not currently hold any specific research or analytical capacity within our policy team and our services cannot easily demonstrate that our approach is market leading or aligned to the latest appropriate research.

Given our values and unique position in the market, this is an opportunity to distinguish ourselves more from our various competitors and cement our position in our members and clients' perceptions of value. Our brands lend themselves to supporting this and it forms a valuable part of the content of our future marketing and communication activity, from policy related research to individual bid writing.

Key performance indicators for this area include:

- Member and associate engagement score
- User/client satisfaction
- External accreditation and regulation (e.g. Ofsted, ISO9001)

**Report of the Trustees (continued)
for the year ended
31 March 2021**

Future Plans: 3-year priorities (cont'd)

Strengthen Solace's long-term future by creating a more robust, digitally mature, learning organisation

Solace has started to invest in its digital infrastructure in order to enable a greater, more innovative level of digital working. The bedrock of this investment is our new CRM system and website, both of which we will continue to enhance during the next business planning period building on activity in the prior year which was accelerated by the recent crisis (e.g. our transformed approach to learning and events). With the significant upgrade in our infrastructure we are now better placed to offer our services online and accessibly. We will continue to deliver projects to improve our digital capabilities across all our established markets.

As a small business operating across a range of diverse markets, internal capacity and capability was identified as a core corporate risk during the previous business plan as our individual teams can lack resilience when compared to key competitors. While our team structures give the organisation a degree of agility, specialisation in some areas is difficult and potentially leaves us vulnerable to resourcing challenges such as absences and staff career development. To mitigate these challenges we will continue to target revenue growth and make proportionate increases to the staff team to safely support this - targeted at service areas where there is realistic potential and where increased scale will deliver wider benefits to the strategic and operational management of the organisation.

Key performance indicators for this area include:

- Member and associate engagement score
- Staff engagement

Structure, Governance and Management

Governing document

The charity is controlled by its governing document (a deed of trust dated 9 January 1986), and constitutes a company limited by guarantee (incorporated in England & Wales). It is governed by Memorandum and Articles of Association which were last amended and ratified by the company in general meeting on 17 October 2018.

Organisational structure

The charity is governed by directors who are also the trustees of the charity, as listed on page 7. The directors are responsible for administering the funds in accordance with the Trust Deed.

The directors meet a minimum of four times a year, to set organisational strategy and business plans and to review operational and financial performance. When carrying out their governance duties for the charity, the directors have regard for the guidance on public benefit published by the Charity Commission.

Day to day responsibility for running the charity is delegated to the Managing Director and senior executive staff, based on appropriate schemes of delegation determined by the directors.

Recruitment and appointment of new directors

Directors of the charity are identified from within the membership and appointed at the Annual General Meeting.

Third party indemnity provision for directors

The charity has third party indemnity insurance in place covering all directors of the charity .

Induction and training of new directors

New directors receive an induction programme which includes information and guidance on the liabilities and responsibilities of company directors and charity trustees, a copy of the Memorandum and Articles of Association and background information relating to budgets, forward plans and details of previous key decisions.

Disability and equality policy

All applicants for positions with the charity are given full and fair consideration. Employment, training and general policies are applied equally to all affected individuals.

Pay policy for senior staff

The directors consider that the board of directors (who are the charity's trustees) and the executive heads of service comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis.

**Report of the Trustees (continued)
for the year ended
31 March 2021**

Pay policy for senior staff (cont'd)

All non-executive directors give of their time freely in that capacity and no director received remuneration during the year (2020: £nil) in connection with their appointment or duties as a director of the charity. Details of directors' expenses are provided in note 12 to the financial statements.

Staff pay is reviewed annually. Recommendations relating to senior staff and executive directors are considered by the non-executive directors on the Board or by a sub-committee of non-executive directors and relevant advisors. Any agreed pay increase would generally be based on consideration of a range of potential influencing factors, such as inflation measures and public sector pay awards. Market rates for comparable roles are also periodically considered, particularly as part of recruitment activities.

Directors and trustees

The directors of the charitable company (the charity) are its trustees for the purpose of charity law. The trustees and officers serving during the year and since the year end were as follows:

**Key management personnel: Trustees and Directors of
The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd**

Specified elected roles:

<i>Chair:</i>	G L Jones	
<i>Finance lead:</i>	A W Muter	
<i>Solicitor/Company Sec:</i>	M J Hynes (resigned 12 October 2020)	D E Forrester-Brown (appointed 12 October 2020)
<i>President:</i>	M Swales (resigned 1 January 2021)	J L Roney (appointed 1 January 2021)
<i>SIB Chair:</i>	J P Comber (resigned 12 October 2020)	R E Hyde (appointed 12 October 2020)

Other elected non-executive directors:

J Burns	N Hussain-Duke (appointed 12 October 2020)
A M Donaghy	C D Naylor
P D Dunphy (resigned 19 June 2020)	D V Plank (appointed 12 October 2020)
S H Fitzgerald	S L Sanders (appointed 12 October 2020)
P R Frainer	D Terris (resigned 14 June 2021)
A M Hill (appointed 12 October 2020)	M T Weastell

Employed executive director:

G V McDonald

**Key management personnel: Senior managers of
The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd**

Managing Director	G V McDonald
Director of Learning	T I Birtwell
Director of Engagement	J A Howarth
Director of Policy, Partnerships & Public Affairs	A J B Thomson

Key management personnel: Senior managers of Solace In Business Ltd

Business Development Director	T J McDougall
Director of Corporate Resources	S R P Chambers
Director of Executive Resourcing & Assessment	S J Guest
Director of Interim Management	J K Mullinger

Our advisers

Auditors	SMH Jolliffe Cork Audit Ltd, 33 George Street, Wakefield WF1 1LX
Bankers	Lloyds Bank plc, 27-31 White Hart Street, High Wycombe, HP11 2HL National Westminster Bank Plc, 23 Uplands Crescent, Swansea SA2 0NY

**Report of the Trustees (continued)
for the year ended
31 March 2021**

Reference and administrative details

Company number	4053417
Charity number	1084419
Registered office and principle address	Off Southgate Pontefract West Yorkshire WF8 1NT

Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also the directors of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to the auditor

In so far as the trustees are aware at the time of approving the trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- the trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Signed on behalf of the trustees on 16th September 2021

G L Jones
Trustee

**for the year ended
31 March 2021**

Opinion on financial statements

We have audited the financial statements of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and the Parent Charity Balance Sheet, the Consolidated Cash Flow Statement and the related notes. 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 group's and the parent charitable company's affairs as at 31 March 2021, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the directors' report prepared for the purposes of company law)
- for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

**for the year ended
31 March 2021**

Matters on which we are required to report by exception

In light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatements in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group through discussions with the trustees and other informed management which we considered may have a direct material effect on the financial statements or the operations of the group and thereafter, the audit team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud and considered the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

**for the year ended
31 March 2021**

The extent to which the audit was considered capable of detecting irregularities including fraud (cont'd)

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias and investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims and reviewing correspondence with the group's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the charitable company's members and trustees, 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 and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members and trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Claire Lawton FCA DChA (Senior Statutory Auditor)
for and on behalf of
SMH Jolliffe Cork Audit Ltd
Chartered Accountants and Statutory Auditor
33 George Street
Wakefield, WF1 1LX

22nd September 2021

Consolidated Statement of Financial Affairs (including consolidated income and expenditure account)
for the year ended
31 March 2021

	Notes	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
INCOME							
Donations		-	-	-	2,000	-	2,000
Income from charitable activities	4	1,343,082	450,000	1,793,082	1,655,590	180,000	1,835,590
<i>Income from other activities</i>							
Commercial trading operations	5	5,577,081	-	5,577,081	5,703,711	-	5,703,711
Government grants	6	35,485	-	35,485	-	-	-
Income from investments	7	3,145	-	3,145	4,335	-	4,335
Total income		6,958,793	450,000	7,408,793	7,365,636	180,000	7,545,636
EXPENDITURE							
<i>Cost of raising funds</i>							
Investment management costs	8	2,264	-	2,264	2,173	-	2,173
Commercial trading operations	5	5,119,965	-	5,119,965	5,136,072	-	5,136,072
<i>Expenditure on charitable activities</i>							
Education & Training	10	1,188,174	260,233	1,448,407	1,353,509	229,750	1,583,259
Membership services	10	565,781	-	565,781	674,317	-	674,317
Total expenditure		6,876,184	260,233	7,136,417	7,166,071	229,750	7,395,821
Net income / (expenditure) before transfers		82,609	189,767	272,376	199,565	(49,750)	149,815
Gross transfers between funds		-	-	-	-	-	-
Net income / (expenditure) before recognised gains / (losses)		82,609	189,767	272,376	199,565	(49,750)	149,815
Other recognised gains / (losses)							
Unrealised gains / (losses) on investments		41,138	-	41,138	(12,619)	-	(12,619)
Net movement in funds for the year		123,747	189,767	313,514	186,946	(49,750)	137,196
Reconciliation of funds							
Total funds brought forward	20	1,244,564	151,383	1,395,947	1,057,618	201,133	1,258,751
Total funds carried forward	20	1,368,311	341,150	1,709,461	1,244,564	151,383	1,395,947

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

The notes on pages 15 to 23 form an integral part of these financial statements.

Consolidated Balance Sheet
as at
31 March 2021

	Notes	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Fixed assets					
Tangible assets	13	189,558	159,591	122,937	123,908
Investments	14	155,988	114,463	218,022	176,497
Total Fixed Assets		<u>345,546</u>	<u>274,054</u>	<u>340,959</u>	<u>300,405</u>
Current assets					
Debtors	15	1,123,553	1,374,507	216,327	316,361
Cash at bank and in hand		1,991,737	1,522,838	1,389,430	889,428
Total Current Assets		<u>3,115,290</u>	<u>2,897,345</u>	<u>1,605,757</u>	<u>1,205,789</u>
Creditors: falling due within one year	16	1,739,424	1,770,757	720,972	617,203
Net current assets		<u>1,375,866</u>	<u>1,126,588</u>	<u>884,785</u>	<u>588,586</u>
Total assets less current liabilities		1,721,412	1,400,642	1,225,744	888,991
Provisions for liabilities and charges	17	11,951	4,695	-	-
Net Assets		<u><u>1,709,461</u></u>	<u><u>1,395,947</u></u>	<u><u>1,225,744</u></u>	<u><u>888,991</u></u>
The funds of the charity					
Unrestricted income funds	20	1,368,311	1,244,564	884,594	737,608
Restricted income funds	20	341,150	151,383	341,150	151,383
Total charity funds		<u><u>1,709,461</u></u>	<u><u>1,395,947</u></u>	<u><u>1,225,744</u></u>	<u><u>888,991</u></u>

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The financial statements were approved by the Trustees on 16th September 2021 and signed on their behalf by:

G L Jones
Trustee

Statement of Cash Flows and Consolidated Statement of Cash Flows

as at

31 March 2021

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Cash flows from operating activities				
Net movement in funds for the year	313,514	137,196	336,753	91,138
Adjustments for:				
Depreciation	51,074	28,848	35,376	22,755
Unrealised investment (gains) / losses	(41,138)	12,619	(41,138)	12,619
Re-invested dividend income	(2,651)	(2,658)	(2,651)	(2,658)
Fees netted off investment portfolio	2,264	2,173	2,264	2,173
Interest received	(494)	(1,677)	(146)	(552)
Loss / (gain) on disposal of fixed assets	-	-	-	-
Decrease / (increase) in debtors	250,954	(294,680)	100,034	56,679
Increase / (decrease) in creditors	(31,333)	331,482	103,769	(75,986)
Increase / (decrease) in provisions	7,256	4,695	-	-
Cash generated from / (used in) operating activities	549,446	217,998	534,261	106,168
Cash flows from investing activities				
Interest received	494	1,677	146	552
Fixed asset purchases	(81,041)	(95,301)	(34,405)	(59,817)
Released from managed portfolio	-	-	-	-
Cash provided by / (used in) investing activities	(80,547)	(93,624)	(34,259)	(59,265)
Cash flows from financing activities	-	-	-	-
Increase / (decrease) in cash and cash equivalents in the year	468,899	124,374	500,002	46,903
Cash and cash equivalents at the beginning of the year	1,522,838	1,398,464	889,428	842,525
Cash and cash equivalents at the end of the year	1,991,737	1,522,838	1,389,430	889,428

**Notes to the Consolidated Financial Statements
for the year ended
31 March 2021**

1 Accounting policies

1.1 Basis of preparation

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) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The charity's functional and presentation currency is the pound sterling £. All financial information presented has been rounded to the nearest £, unless otherwise stated.

1.2 Basis of consolidation

The group financial statements consolidate the results of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd and its subsidiary Solace In Business Ltd.

Subsidiary undertakings are included using the acquisition method of accounting. Under this method the group net incoming resources include the results of subsidiaries from the date of acquisition and to the date of sale outside the group in case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

The trustees have taken advantage of the exemption afforded by section 408 of the Companies Act 2006 and a separate Statement of Financial Activities and income and expenditure account for the charity has therefore not been presented.

1.3 Going concern

The financial statements have been prepared on a going concern basis. In preparing the accounts the trustees have considered possible risks, events or conditions that might cast significant doubt on the ability of the charitable company to continue as a going concern and therefore on the appropriate use of the going concern basis.

Regularly monitoring the operational and financial performance of the charity and its subsidiary is part of the routine activities of executive management (monthly) and of the separate company boards (quarterly). This includes detailed management accounts and the analysis of pipeline activity (income and margins), together with performance indicators ranging from opportunity conversion rates to customer satisfaction across all areas of activity. Financial forecasts for the period through to 31 August 2022 have, together with current reserves and cash balances, been reviewed as part of that regular monitoring activity, taking into consideration the risks and uncertainties arising from the Covid-19 pandemic in particular. After making such enquiries, the trustees have concluded that there is a reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future and therefore they have continued to adopt the going concern basis in preparing its financial statements.

1.4 Fixed assets

- a) Fixed assets are initially recorded at historic cost.
- b) Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets except freehold land, over their expected useful lives. It is calculated at the following rates:

Improvements to short leasehold property	Over the term of the lease
Fixtures & Fittings	25% on reducing balance
Computer equipment	20% or 33% on cost

1.5 Fixed Asset investments

Investments in subsidiaries are stated at historical cost less provision for diminution in value. Other investments are stated at fair value.

1.6 Income recognition

- a) Income from charitable activities (including trading) in the form of services is recognised in the relevant period(s) in which the activity takes place or is earned. Activity income received in advance is deferred until entitlement to the income has arisen at which time it is credited to the Statement of Financial Activities.

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2021

1.6 Income recognition (cont'd)

- b) Donations and voluntary income are accounted for when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.
- c) Grant funding received for a specified area of the charity's work or for a specific purpose is accounted for as restricted funds. Grants received without restriction are recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.
- d) Investment income is recognised on an accruals basis.

1.7 Gift aid distribution from subsidiary company to parent charity

Profits over and above those needed to meet the working capital requirements of subsidiary companies are transferred to the parent charity by way of a gift aid distribution. As no legal obligation exists, the distributions in respect of the current and comparative year represent amounts paid as at the balance sheet date.

1.8 Expenditure

- a) All expenditure is accounted for on an accruals basis. VAT is recovered on relevant expenditure. Irrecoverable VAT is included within the relevant expense of the charity in the year in which it is incurred.
- b) Activities in furtherance of the charity's objectives include the direct costs of staff and property together with the costs of projects and activities.
- c) The trustees consider that management and administration costs of the charity are not material when taken in the context of amounts spent on charitable activities. All members of staff have been active in fulfilling the objectives of the charity.

1.9 Support costs

Support costs relate to functions that assist the work of the charity but do not directly undertake charitable activities. They include back office, finance, personnel, payroll and governance costs (e.g. the preparation and examination of the statutory accounts, the costs of directors meetings and the cost of legal advice on constitutional matters). The bases on which support costs have been allocated are set out in note 11.

1.10 Operating leases

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

1.11 Pensions

The charity operates a defined contribution pension scheme. Contributions are recognised in the Statement of Financial Activities in the period in which they become payable in accordance with the rules of the scheme.

1.12 Fund accounting

The charity has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

- | | |
|---------------------------|--|
| Unrestricted funds | - Funds are expendable at the discretion of the trustees in furtherance of the objects of the charity. |
| Restricted funds | - Restricted funds can only be used for particular restricted purposes within the objectives of the charity. These arise when funds are subject to specific restrictive conditions imposed by funders/donors or by the purpose of the grant. |
| Designated funds | - The trustees may at their discretion set aside unrestricted funds for specific purposes. |

2 Legal status and control

The charity is a company limited by guarantee. All members have agreed to contribute an amount not exceeding £1 each to the assets of the company in the event of it being wound up.

The charity is controlled by its members. Membership of the charitable company is open to individuals designated as senior officers of local authorities in England, Scotland, Wales, Northern Ireland, the Channel Islands and the Isle of Man. Membership is also open to senior officers of any joint or other board, authority or committee exercising local government or police functions in any of the indicated geographic areas.

Elected members of local authorities are not eligible to for membership of the charitable company, notwithstanding that they may be otherwise qualified.

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2021

3 Financial performance of the charity

The Consolidated Statement of Financial Activities includes the results of the charity's wholly owned subsidiary company (note 5), which provides Interim placement and executive recruitment services. The summary financial performance of the charity alone is as follows:

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Donations	-	-	-	2,000
Government grants (note 6)	6,190	-	6,190	-
Gift aid distribution from trading subsidiary (note 5)	510,000	-	510,000	522,710
Income from investments	2,797	-	2,797	3,210
Income from charitable activities	1,343,082	450,000	1,793,082	1,835,590
	1,862,069	450,000	2,312,069	2,363,510
Investment management fees	(2,264)	-	(2,264)	(2,173)
Expenditure on charitable activities	(1,753,957)	(260,233)	(2,014,190)	(2,257,580)
Net income	105,848	189,767	295,615	103,757
Unrealised gains / (losses) on investments	41,138	-	41,138	(12,619)
Total funds brought forward	737,608	151,383	888,991	797,853
Total funds carried forward	884,594	341,150	1,225,744	888,991
Represented by:				
Restricted income funds			341,150	151,383
Unrestricted income funds			884,594	737,608
			1,225,744	888,991

	Unrestricted £	Restricted £	Total Funds 2021 £	Total Funds 2020 £
4 Income from charitable activities				
Education and training	1,042,117	450,000	1,492,117	1,406,951
Membership activities	300,965	-	300,965	428,639
	1,343,082	450,000	1,793,082	1,835,590

Restricted income relating to education and training represents grant funding received in relation to specified activities.

5 Income from commercial trading operations

The charity has one wholly owned trading subsidiary, Solace In Business Ltd (note 14), which is incorporated in England and Wales and provides recruitment services to the public sector. Profits over and above those needed to meet the working capital requirements of the subsidiary are transferred to the charity by way of a gift aid distribution. The distribution amounts stated below are the total sums paid across within the relevant financial year.

	2021 £	2020 £
The summary financial performance of the subsidiary alone is as follows:		
Turnover	5,577,081	5,703,711
Government grants (note 6)	29,295	-
Cost of sales and administration costs	(5,112,709)	(5,128,261)
Interest receivable	348	1,125
Net profit	494,015	576,575
Taxation	(7,256)	(7,811)
Profit for the financial year	486,759	568,764
Gift aid distribution to parent charity	(510,000)	(522,710)
Retained in subsidiary	(23,241)	46,054

Notes to the Consolidated Financial Statements (continued)
for the year ended
31 March 2021

5 Income from commercial trading operations (cont'd)	2021	2020
The assets and liabilities of the subsidiary were:		
Fixed assets	66,641	35,703
Current assets	1,518,787	1,701,590
Current liabilities	(1,027,730)	(1,163,610)
Provisions for liabilities and charges	(11,951)	(4,695)
Total net assets	<u>545,747</u>	<u>568,988</u>

6 Government grants	Total 2021	Total 2020
Coronavirus Job Retention Scheme	35,008	-
Other government grants	477	-
	<u>35,485</u>	<u>-</u>

Coronavirus Job Retention Scheme grant was received for the purpose of paying staff furloughed because of the impact of Covid-19. There are no unfulfilled conditions or contingencies attaching to receipt of this grant. The majority of staff placed on furlough within the group received 80% of their normal salary, including any relevant individual for whom regular earnings exceeded the maximum grant claim amount specified by the Coronavirus Job Retention Scheme. Exceptions to the 80% payment were staff who would in those circumstances have had their salary fall below the Real Living Wage rate identified by the Living Wage Foundation and those individuals were therefore paid more than 80% of normal pay during their furlough period.

Other government grants relate to Coronavirus Statutory Sick Pay claims.

7 Investment income	2021 £	2020 £
Dividends	2,651	2,658
Bank and other interest	494	1,677
	<u>3,145</u>	<u>4,335</u>

8 Investment management costs	2021 £	2020 £
Portfolio management	<u>2,264</u>	<u>2,173</u>

9 Staff costs and numbers	2021 £	2020 £
Salaries	1,371,276	1,348,493
Social security costs	133,244	126,847
Pension costs	93,737	95,004
	<u>1,598,257</u>	<u>1,570,344</u>

The average monthly number of employees during the year was as follows:

	Number 2021	Number 2020
Executive directors	1	2
Other staff	37	34
	<u>38</u>	<u>36</u>

Notes to the Consolidated Financial Statements (continued)
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10 Expenditure on charitable activities	Education & Training £	Membership Services £	Total 2021 £
Governance costs (note 11)	18,450	10,473	28,923
Support costs (note 11)	556,374	310,606	866,980
Direct delivery	773,395	109,304	882,699
Central premises	9,935	17,121	27,056
IT support and consumables	46,389	22,740	69,129
Communications	3,340	1,121	4,461
Depreciation	22,393	12,983	35,376
Travel & subsistence	821	753	1,574
Irrecoverable VAT	-	39,158	39,158
Marketing	7,432	7,405	14,837
Bank interest and transaction charges	1,679	974	2,653
International relationships and support	-	665	665
Other costs	8,197	32,480	40,677
	1,448,407	565,781	2,014,188

Expenditure on charitable activities was £2,014,188 (2020: £2,257,576) of which £1,753,955 was unrestricted (2020: £2,027,826) and £260,233 was restricted (2020: £229,750).

11 Governance and support costs

	Basis of apportionment	Support costs £	Governance £	Total 2021 £	Total 2020 £
Salaries and related costs	Staff roles and time allocation	862,772	20,070	882,842	871,111
Audit fee	Invoice description	-	6,250	6,250	4,540
Other professional and legal fees	Invoice description	2,728	-	2,728	61
Board running costs	Invoice description	-	205	205	4,343
Sundry expenses	Invoice description	1,480	2,398	3,878	9,708
		866,980	28,923	895,903	889,763

12 Staff costs, trustee remuneration and expenses, and the cost of key management personnel

The key management personnel of the group and the parent charity comprise the trustees and senior managers whose names are listed on page 7. Total remuneration and employee benefits for key management personnel amounted to £708,029 (2020: £735,551) including pension contributions of £53,662 (2020: £56,650). This includes one trustee, G McDonald (2020: two trustees - G McDonald, T McDougall) who received remuneration relating to their contract of employment with the charity or its subsidiary.

The number of employees earning more than £60,000 per annum (including related pension contributions) is:

	Group 2021	Group 2020	Charity 2021	Charity 2020
Between £60,001 and £70,000	1	1	-	-
Between £70,001 and £80,000	2	2	1	1
Between £80,001 and £90,000	1	1	1	1
Between £90,001 and £100,000	2	2	1	1
Between £100,001 and £110,000	1	-	-	-
Between £110,001 and £120,000	1	1	1	1
Between £130,001 and £140,000	-	1	-	-

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12 Staff costs, trustee remuneration and expenses, and the cost of key management personnel (cont'd)

During the year ended 31 March 2021 no trustee (2020: no trustee) received remuneration or benefits from the charity for acting as, or in connection with, their appointment as a trustee of the charity. During the year no non-executive trustees (2020: 5 trustees) were reimbursed expenses (2020: £2,285).

13 Tangible fixed assets

Group	Improvements to short leasehold to property £	Fixtures and fittings £	IT infrastructure £	Computer equipment £	Total £
Cost					
At 1 April 2020	60,105	4,118	162,307	73,314	299,844
Additions	-	-	77,348	3,693	81,041
Disposals	-	-	(19,350)	(4,660)	(24,010)
At 31 March 2021	<u>60,105</u>	<u>4,118</u>	<u>220,305</u>	<u>72,347</u>	<u>356,875</u>
Depreciation					
At 1 April 2020	60,105	4,118	20,655	55,375	140,253
Charge for the year	-	-	41,420	9,654	51,074
Disposals	-	-	(19,350)	(4,660)	(24,010)
At 31 March 2021	<u>60,105</u>	<u>4,118</u>	<u>42,725</u>	<u>60,369</u>	<u>167,317</u>
Net book value					
At 31 March 2021	<u>-</u>	<u>-</u>	<u>177,580</u>	<u>11,978</u>	<u>189,558</u>
At 31 March 2020	<u>-</u>	<u>-</u>	<u>141,652</u>	<u>17,939</u>	<u>159,591</u>
Charity					
			IT infrastructure £	Computer equipment £	Total £
Cost					
At 1 April 2020			139,039	10,987	150,026
Additions			30,712	3,693	34,405
Disposals			-	-	-
At 31 March 2021			<u>169,751</u>	<u>14,680</u>	<u>184,431</u>
Depreciation					
At 1 April 2020			19,561	6,557	26,118
Charge for the year			31,840	3,536	35,376
Disposals			-	-	-
At 31 March 2021			<u>51,401</u>	<u>10,093</u>	<u>61,494</u>
Net book value					
At 31 March 2021			<u>118,350</u>	<u>4,587</u>	<u>122,937</u>
At 31 March 2020			<u>119,478</u>	<u>4,430</u>	<u>123,908</u>

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14 Investments	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Listed investments (managed portfolio)	155,988	114,463	155,988	114,463
Investment in subsidiaries	-	-	62,034	62,034
	<u>155,988</u>	<u>114,463</u>	<u>218,022</u>	<u>176,497</u>

Investment in subsidiaries

Subsidiary company	Solace In Business Ltd, registered in England & Wales (Company No. 3150254)		
Nature of business	Interim placement and executive recruitment		
Number, class and percentage of shares held	19 ordinary	(100%)	
Net assets at 31 March 2021	£545,747		

The activities and results of this subsidiary company are summarised in note 5.

Subsidiary company	SEL Business Services Limited, registered in England & Wales (Co. No. 8704424)		
Nature of business	Dormant		
Number, class and percentage of shares held	20 ordinary	(100%)	
Net assets at 31 March 2021	£20		

Listed investments (managed portfolio)	Total £
Market value	
At 1 April 2020	114,463
Additions	2,651
Revaluations	41,138
Management fees	(2,264)
Reclassification / transfer	-
At 31 March 2021	<u>155,988</u>
Net book value	
At 31 March 2021	<u>155,988</u>
At 31 March 2020	<u>114,463</u>

There are no investment assets outside the UK

15 Debtors	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	872,389	1,038,784	107,158	190,426
Prepayments and accrued income	251,164	335,723	109,169	125,935
	<u>1,123,553</u>	<u>1,374,507</u>	<u>216,327</u>	<u>316,361</u>

16 Creditors	Group		Charity	
	2021	2020	2021	2020
	£	£	£	£
Amounts falling due within 1 year:				
Trade creditors	678,344	851,895	155,494	172,126
Other creditors	16,224	142,719	8,361	133,587
Corporation tax	-	6,072	-	-
Social security and other taxes	303,767	185,411	51,921	30,350
Amounts owed to group undertakings	-	-	9,258	10,034
Accruals and deferred income	741,089	584,660	495,938	271,106
	<u>1,739,424</u>	<u>1,770,757</u>	<u>720,972</u>	<u>617,203</u>

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17 Provisions for liabilities and charges

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

The trading subsidiary, Solace In Business Ltd, is not exempt from taxation (see note 5). Taxation for the year comprises current and deferred tax. Current tax is recognised at the amount of tax payable using the rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, as set out below:

	Group	
	2021	2020
	£	£
Deferred tax	11,951	4,695
	Deferred tax	
	£	
At 1 April 2020	4,695	
Movement in year	7,256	
At 31 March 2021	11,951	

18 Operating leases

As at 31 March 2021 commitments under non-cancellable operating leases were as follows:

Group	Land & Buildings	Other	Land & Buildings	Other
	2021	2021	2020	2020
	£	£	£	£
Due within one year	15,475	-	31,000	-
Due within two to five years	6,242	-	18,417	-
Due over 5 years	-	-	-	-
	21,717	-	49,417	-
	Land & Buildings	Other	Land & Buildings	Other
	2021	2021	2020	2020
	£	£	£	£
Due within one year	-	-	18,000	-
Due within two to five years	-	-	-	-
Due over 5 years	-	-	-	-
	-	-	18,000	-

19 Pensions schemes

Defined contribution pension scheme

The charitable group operates a defined contribution pension scheme for the benefit of all employees. Contributions to the scheme for the year ended 31 March 2021 amounted to £93,737 (2020: £95,004). This includes accrued contributions of £16,224 (2020: £17,406) included in other creditors (note 16).

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20 Funds	Balance at 1 April 2020 £	Net incoming Resources £	Transfers £	Balance at 31 March 2021 £
Unrestricted				
General	880,437	177,182	-	1,057,619
Designated	364,127	(53,435)	-	310,692
	<u>1,244,564</u>	<u>123,747</u>	<u>-</u>	<u>1,368,311</u>
Restricted				
Managerial leadership	151,383	16,617	-	168,000
Coaching & Mentoring	-	173,150	-	173,150
	<u>151,383</u>	<u>189,767</u>	<u>-</u>	<u>341,150</u>

Designated funds:

The directors have identified that certain unrestricted funds should be ring-fenced as follows:

- Branch reserves - representing the historic surplus or deficit accumulated through various geographically based activities covering Solace Group members in Scotland, Wales, Northern Ireland and certain English regions.

Restricted funds:

- Managerial leadership grant funding received to subsidise the formulation and delivery of tailored programmes which support public sector leaders and strategic managers in the development of their people and organisations to meet current and future sector challenges, demands and opportunities.
- Grant funding to provide subsidised coaching and mentoring for local authority senior managers focused on covid-19 management, response and recovery activity.

Sufficient cash resources are held to enable each of the identified funds to be applied without any restrictions.

21 Analysis of Group net assets between funds

Funds balances at 31 March 2021 are represented by:	Unrestricted £	Designated £	Restricted £	Total £
Tangible fixed assets	189,558	-	-	189,558
Investments	155,988	-	-	155,988
Current assets	2,463,448	310,692	341,150	3,115,290
Creditors: amounts falling due within 1 year	(1,739,424)	-	-	(1,739,424)
Provisions for liabilities and charges	(11,951)	-	-	(11,951)
	<u>1,057,619</u>	<u>310,692</u>	<u>341,150</u>	<u>1,709,461</u>

22 Capital commitments

Capital amounts contracted at 31 March 2021 but not provided for in these financial statements amounted to £nil for the group and charitable company (2020: £36,858).

23 Related Party Transactions

During the year ended 31 March 2021 the charity received a gift aid distribution of £510,000 (2020: £522,710) from Solace In Business Ltd (note 5).

Other related party transactions made by the group during the year ended 31 March 2021 were:

- D Terris, a trustee of the charity, received payment of £1,260 (2020: £nil) from the charity for professional services supplied.