

THE LEADERSHIP CENTRE FOR LOCAL GOVERNMENT

(A company limited by guarantee)

REPORT OF THE TRUSTEES and FINANCIAL STATEMENTS

for the year ended 31 March 2022

Company Registration Number 05467557
Charity Number 1123234

REPORT AND FINANCIAL STATEMENTS 2022

CONTENTS	Page
LEGAL AND ADMINISTRATIVE DETAILS	3
REPORT OF THE TRUSTEES	4
STATEMENT OF TRUSTEES' RESPONSIBILITIES	133
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LEADERSHIP CENTRE FOR LOCAL GOVERNMENT	155
STATEMENT OF FINANCIAL ACTIVITIES	18
BALANCE SHEET	19
STATEMENT OF CASH FLOWS	200
NOTES TO THE FINANCIAL STATEMENTS	211

LEGAL AND ADMINISTRATIVE DETAILS

<u>Registered Name</u>	The Leadership Centre for Local Government
<u>Charity number:</u>	1123234
<u>Company number:</u>	05467557
<u>Registered office:</u>	18 Smith Square, London SW1P 3HZ
<u>Statutory Auditors:</u>	PKF Littlejohn LLP, 15 Westferry Circus, Canary Wharf, London E14 4HD
<u>Bankers:</u>	Barclays, UK Banking, 1 Churchill Place, London, E14 5HP
<u>Solicitors:</u>	Bates Wells London LLP 2-6 Cannon Street, London, EC4M 6YH

Directors and Trustees

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

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

	Attendance – possible 6 Board Meetings
H Bailey	4
K Ryley	6
Lord P R C Smith (Chair) deceased (Resigned 3 August 2021)	2
J Sobieraj	6
David Lloyd	6
Cllr Keith House	3
Tamara Finklestein	2
Lord Gary Porter	3

Chief Executive
Secretary and Chief Operating Officer

Joe Simpson
John Jarvis

REPORT OF THE TRUSTEES

The Trustees present their report and audited financial statements of The Leadership Centre for Local Government ("the Leadership Centre") for the year from 1 April 2021 to 31 March 2022. The Trustees have adopted the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" ("FRS 102 SORP") in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011, the Companies Act 2006 and relevant Accounting Standards. However, the Trustees consider that the current level of the Centre's unrestricted funds and with the continuing likelihood of securing funding for periods beyond April 2022, the Centre has sufficient resources to continue as a going concern.

Structure, Governance and Management

Governing document

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

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

Appointment of Trustees

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

Trustee induction and training

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

Organisation

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

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

Peter Smith, our longstanding chair sadly died over the summer in 2021. Peter had a long and distinguished career in local government and has not only left a lasting legacy in the modern history of Wigan Borough, but also across The North West region and in public service nationally. As chair of the Leadership Centre Peter was thoughtful and sought contributions from all. Peter's commitment and passion will live long with the Leadership Centre board and staff.

Related parties

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

Public benefit statement

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

How our activities deliver public benefit

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

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

BUSINESS AND FINANCIAL REVIEW

Introduction

2021-22 has, in a number of regards, been a year of transition for the Leadership Centre.

Firstly, the latter half of the year saw the situation with Covid if not resolved, at least significantly ameliorated, creating opportunities for networking and programme delivery to seek out a "new normal", as well as enabling a resumption of in-person working, where required, for the core team and trustees.

Secondly, as different parts of the public sector 'normalise' at different rates and times, their ability to engage in collaborative place-based working and cohort programmes has varied. This transitional reality has required flexibility and agility from the Leadership Centre in terms of design and delivery timeframes.

Thirdly, there have been both planned and unplanned changes in the leadership of the Centre. Unexpectedly, in August 2021, the Chair of Trustees, Lord Peter Smith, sadly passed away whilst in office and was replaced, on an interim basis, by David Lloyd (Police and Crime Commissioner for Hertfordshire). During the third quarter of the year, the Trustees undertook a recruitment process to appoint a new chief executive following the decision by the Centre's Director, Joe Simpson, to retire with effect from 31 December 2021. Consequently, Mark Rogers, was in due course appointed and took up post in January 2022.

Finally, in response to the changing context for the Leadership Centre, the Trustees commissioned the new chief executive to lead a process of strategy review and renewal with the intention of approval in September 2022 to allow good time for the engagement of the Centre's community, networks and allies in the process.

Mission, Strategy, Operations & Finances

Mission

The Centre's mission has been consistent: enabling **Great Leaders, Great Places** by nurturing new ways of thinking, behaving and being to address old and new issues and, in doing so, to make lasting positive change for the benefit of citizens, communities and society as a whole.

The Centre works with leaders across all sectors, supporting their development so that they can create shifts in thinking, culture and practice to produce better outcomes.

Strategy

The strategy in 2021-22 shaped Leadership Centre activity across three timeframes:

- Immediate: of what is done now, what should stop or be amplified.
- Immediate to medium term: of what is done now, what needs to be reframed or iterated so that it resonates for the current context.
- Medium to long term: identify signals, testing and experimenting into the future.

The charity is dependent on attracting specific income (be it grants, contracts or financial support from the private sector) to cover its activities. The charity is not in receipt of general grant, nor has it the ability to undertake general charitable fundraising. We therefore continue to keep core staffing to the minimum, whilst engaging with specialists to help in the delivery of specific programmes. There has been no outsourced fund raising via professional fundraisers or other third parties. As a result, the charity is not registered with the fundraising regulator and received no fundraising complaints in the year.

The Leadership Centre has a well-developed network of specialists, who provide the bulk of the contracted people resource to design and deliver leadership development interventions, whilst also having the central capacity to support those programmes. This model gives us both quality control (through the contracting arrangements we expect our facilitators/enablers to partake in shared learning experiences) and the ability to expand/contract our commitments according to the resource available.

Priorities for the year included:

1. Support the wellbeing of the Leadership Centre's assets, our staff, networks, alumni, enablers, trustees and change makers as the innovation and strategy engine of the Leadership Centre.
2. In the context of place, recognise and respond to the interconnection between, mental & physical health, economy, climate, housing, transport and education to help create better and fairer outcomes.
3. Convene local and national coalitions of the willing around the emerging crucial 'post-Covid' leadership challenges to foster radical ideas & activity.
4. Design cutting edge online leadership development practice - enabling leadership development and place-based change online.
5. Help leaders and their organisations to shape the future whilst dealing with now.

Operations:

Operationally, 2021-22 featured a number of changes for the Leadership Centre, including moving office, a series of personnel changes, and investment in the Centre's communication capability.

After nearly 18 years, Joe Simpson, Centre Director retired. Joe handed over an organisation with a strong track record, that will, no-doubt, continue to re-invent itself and reframe the leadership agenda.

Sarah Lewis, in early 2022, left her role as Alumni Manager, having successfully nurtured the Leadership Centre's Alumni into a strong network.

Trustees on behalf of the whole organisation thank Joe and Sarah for their commitment, energy and positive impact on the work of the Centre.

Finance

Notwithstanding the effects of the pandemic the financial position of the Leadership Centre has improved over the last year. We initially budgeted for a near breakeven position, and results were a contribution to reserves of £27k (an improvement from the £23k deficit the previous year). Income for the year was £1,454k (from £1,425k the previous year). Support costs increased by £35k and overall staff costs increased by £17k. Expenditure for the year was £1,427k (down from £1,449k the previous year). As a result, the reserves figure at the year-end increased to £182k (up from £155k the previous year).

Achievements

Throughout the last financial year the Leadership Centre created and delivered a variety of projects and programmes aligned with its core priorities and ambitious outcomes.

Framed around the Centre's 2021-22 priorities of;

- Supporting the wellbeing of the Leadership Centre's assets, our staff, networks, alumni, enablers, trustees and change makers as the innovation and strategy engine of the Leadership Centre.
- In the context of place, recognise and respond to the interconnection between, mental & physical health, economy, climate, housing, transport and education to help create better and fairer outcomes.
- Convene local and national coalitions of the willing around the emerging crucial 'post-Covid' leadership challenges to foster radical ideas & activity.
- Design cutting edge online leadership development practice - enabling leadership development and place-based change online.
- Help leaders and their organisations to shape the future whilst dealing with now.

Delivering on these priorities the Leadership Centre achieved:

- Continued effective leadership development in a volatile environment. This includes creating; hybrid delivery platforms; spaces for senior public service leaders to recharge and reflect; capturing and sharing learning.
- Design and delivery of new initiatives including the Master Practitioner and London Leadership Programmes.
- Agreed the framing for the incoming strategy, Innovate, Inspire and Invest, as the lenses through which to further develop the Centres offers.
- The delivery of the first stages of an organic and inclusive communications and network mobilisation strategy.

Quotes from participants involved in place work of cohort based programmes:

"We have grown as individuals and the resilience we have developed has reaped dividends in our respective careers. Thank you, thank you, thank you!"

"Future Vision has been an important step in my personal development. I joined the programme as a Deputy Chief Executive and I am standing here today as a newly appointed Chief Executive. In part, that is due to the wisdom that I gained through the programme"

"I've been really inspired by the work I've done with the Leadership Centre. It's been transformational for me. I now have a much greater understanding of how complex and difficult system collaboration is, and an acceptance of that has really helped me with my mental wellbeing"

"I have made more connections that can lead to positive change today than in years – and am developing support and approaches that can lead to sustainable change and improvements."

Challenges faced in 2021-22

- The time and space for collaboration and thinking differently - The Leadership Centre has always sought collaborations in pursuit of tackling complex issues. With public service colleagues under increased capacity pressure, carving out the time to think about what they might do different and who they might do it with has largely been reduced.
- Delivery capacity - The delivery of the Leadership Centre's mission relies on its talented and motivated people. The 2021-22 challenge has been maintaining a balance between maximising impact, maintaining excellence, growing revenue, minimising expenditure and finding top talent to keep us at the cutting edge.
- The recent crises have highlighted the need for investment in people. However, with funds reduced and or diverted to front line delivery, finding resource to support development has been challenging for organisations and partnerships.

Key Leadership Development Activity – 2021-22

Cohort Programmes

The Centre's cohort based programmes are characterised by learning and application across a range disciplines and practices, including adaptive leadership, system thinking, politics and power, design and public narrative – all of which are intended to support leaders in understanding and navigating complexity to improve citizen outcomes.

In 2021 – 22, amongst other cohort based programmes, the Leadership Centre delivered:

Future Vision:

Whilst the Centre's flagship programme Future Vision has successfully been redesigned in early 2020 to allow involvement despite Covid-19, the Boston study trip was, because of various lockdowns and complications with international travel, impossible to deliver. However, in early 2022 participants of Cohorts 8 & 9 were able to make the Boston study trip.

A successful return to in-person delivery was planned and the recruitment of a full 10th cohort secured.

London Leadership Programme:

The London Leadership Programme brings together talented professionals from London's boroughs, the Greater London Authority and London Councils. It is designed for aspiring leaders who share a passion for leadership and want to contribute to the leadership of a thriving and unique city.

Delivered across a series of modules, these are complemented by real work in between sessions in smaller groups around a specific leadership challenge, each sponsored by a London Chief Executive.

The challenges participants worked on are:

1. Racial inequality
2. Health reforms
3. Adult social care
4. Poverty and deprivation
5. London's future funding strategy
6. Climate change

A case study is available [here](#) and video [here](#):

Master Practitioner Programme

During 2021 the Leadership Centre successfully tested a new initiative, the Master Practitioner programme, with the aim of helping the most experienced leaders in the public, private and third sector to make progress on a big and intractable challenge facing their organisation, place or system.

The benefits include:

- tangible, positive progress on a longstanding or apparently intractable challenge;
- learning for the organisation/system which can be applied to other, similar issues; and
- development and learning for participants in their current and future roles.

Places

The Leadership Centres placed-based activity is characterised by connecting public services and communities through practical interventions using specific themes, populations and geographies as vehicles for relationship building, learning and change.

During the year the organisation has supported leaders in localities across the country, including in the West Midlands developing broad stewardship of the Commonwealth Games Legacy, and with colleagues in regional Active Partnerships to shift to a place-based way of working.

Support has extended to various Integrated Care Partnerships as they look to address aspects of health inequalities through developing new partnership arrangements.

Community development has featured heavily in a number of initiatives, including Let's Go Southall where the Centre has played a key role in developing members of the community, and supporting public services to connect with, listen to, and work alongside those they serve.

Networks

The Leadership Centre has an extensive network including over 300 Alumni and a vast range of local and national organisations. This is an exceptional network which can be a powerful stimulus and catalyst for change in the public sector and in civic society in the round. In 2021-22 the Centre's focus has been on:

- Enabler and Alumni events – creating an opportunity to shape and co-own the new strategy, and planning for deepening and widening the engagement with Alumni in particular.
- Renewing/strengthening relationships with partners.
- Strengthening the Centre's presence through a new comms strategy.

Looking Ahead – 2022-23 Priorities and Objectives:

As previously referenced, with a new (interim) chair and chief executive, the Centre has been taking the opportunity to review its strategy to ensure it continue to make its distinctive

contribution to addressing the present and future challenges of leadership. This work will be finalised in Autumn 2022, albeit the strategy will be dynamic.

Building on the **Great Leaders, Great Places** foundation ...

Purpose

The Centre exists to promote the value of leadership and to empower leaders to address complexity in order to have the greatest collective, positive impact on the communities they serve.

Principles

The Centre will co-design its activities to demonstrate the value of leadership intrinsically and in its application. It will do this through:

- Focusing on places and human systems
- Exploring the role of politics and how politics works
- Seeking to connect, convene and collaborate
- Addressing and confronting the challenges of complexity, diversity and symbiosis
- Learning by doing
- Sustaining a diverse, distinctive and respected community (enablers, alumni, trustees, core team, partners and allies)

Application

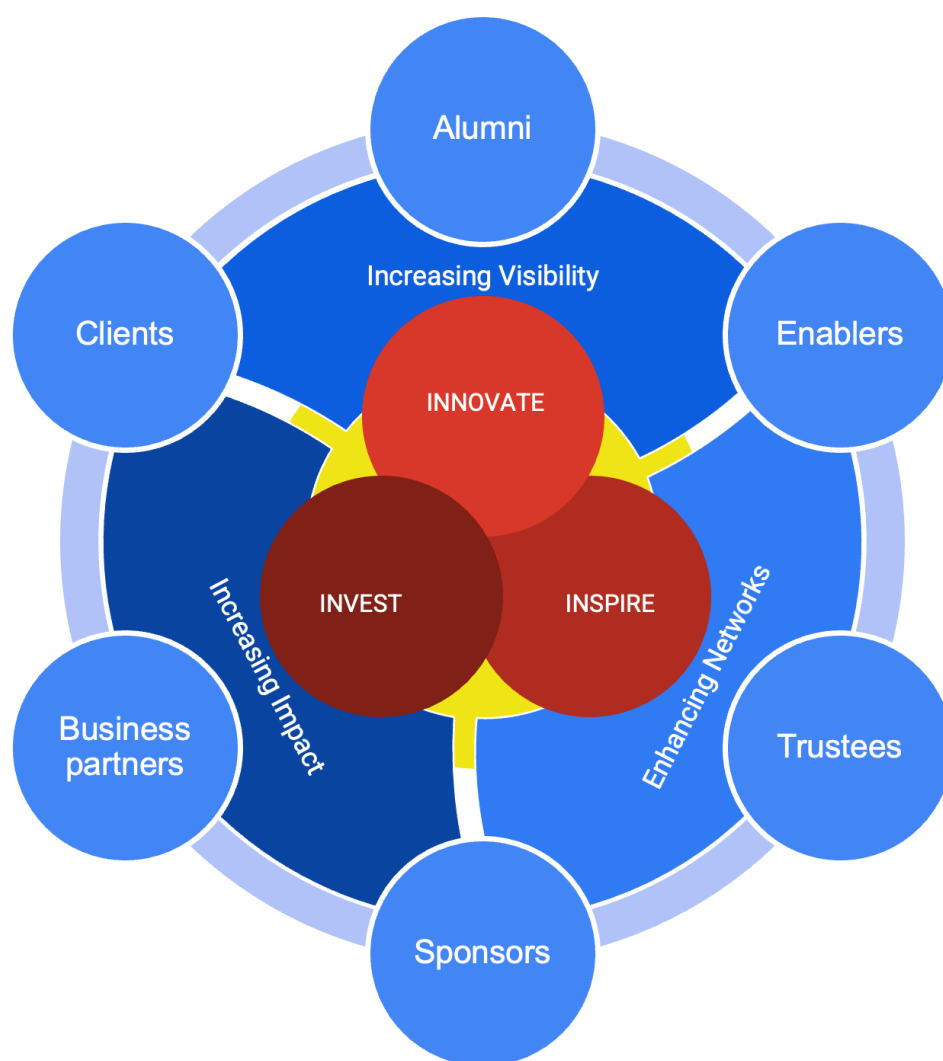
Our distinctive contribution to leadership is grounded in a relational approach that allows for deep exploration and sense-making of the ideas represented, for example, in systems thinking, adaptive leadership and human-centred design, working across all those sectors, organisations and individuals whose *raison d'être* is about enhancing public good.

Ambition - Great Leadership: Thriving Places

The essence of the Centre is captured in its 'do-tank' approach, **but** emphasising the importance of investing in future thinking, delivering innovation-led excellence in real-time and developing a philanthropic approach.

This is embodied in our missions – the three I's:

- **Innovate:** to position the Leadership Centre as an organisation that anticipates and understands the changing nature of leadership, people and places through enquiries and experiments
- **Inspire:** to showcase the Leadership Centre's through the excellence of its core offers and commissioned work, sharing generously its extensive intellectual and human resources and networks
- **Invest:** to attract new audiences to the Leadership Centre's work and promote the democratisation of leadership



Five Strategic Themes (priorities)

The Centre will orientate its human, financial and partnership resources to the benefit of the following five strategic themes.

- **Running Enquiries & Experiments:** strengthening research and development to ensure existing and new programmes are meeting needs at the cutting edge of new issues and new learning
- **Attracting Future Leaders:** identifying programmes and other learning and development opportunities that: i) strengthen the pipeline of future leaders and ensure its diversity; and ii) reach into under-represented places
- **Securing Business Partners and Sponsors:** securing a small number of medium-term partners and one-off sponsors with an interest in developing their own leadership capabilities and, in pursuit of this, investing in the Centre's missions
- **Maximising Networks:** growing the role and impact of all the Centre's alumni and allies
- **Board Review:** agreeing the future role and membership requirements in the light of the strategy

Challenges in 2022-23

The Leadership Centre's operating environment and future activities are informed by the complex interaction of many factors including:

- The future of public services and their role being radically uncertain - recession, inflation, extended pandemic impact, climate change, food and fuel security alongside challenges specifically felt locally such as, economies, inequality and inequity means there's a lot of important and urgent issues taking leadership time potentially inhibiting a learning environment.
- The needs of leaders and the need for leaders - needs are likely to grow extensively as their resilience is tested again. At the same time a higher than normal turnover of experienced leaders have and will leave their posts.
- Competing ideas and philosophies about what the future of the country looks like, how we might get there and who needs to be involved makes authorising environments and purpose fuzzy, helping leaders navigate this will be a key challenge.

Principal risks and uncertainties

The Leadership Centre has reviewed its arrangements for risk management with clear responsibilities assigned to named senior officers for the management of the principal risks. The Trustees consider these risks are being effectively mitigated.

Reserves

During 2021-22 the Leadership Centre contributed to its reserves in order to support its charitable activities including its ambitious strategic mission of investing further in cutting-edge leadership practice in 2022 and beyond, and providing a buffer against uncertainty in the operating environment.

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

The Covid-19 pandemic has impacted on the Leadership Centre's reserves. Steps have been taken to maintain the viability of the Leadership Centre and reduce the overheads. The Leadership Centre has more actively managed its debtors and adopted a cautious approach to spending.

The reserves policy requires the retention of adequate funds to support about a half year of operating of the Leadership Centre and this should be in the order of £200,000. Taking account of current costs and operational circumstances, the retention to cover at least three months of full staff costs and accommodation, including facilities and IT would be £100,000 (although this base has reduced). The policy is reviewed regularly, is considered adequate at the present time, and will be looked at again, in the light of changing economic, funding circumstances and timing. The Leadership Centre has utilised some government support and will continue to do so whilst available and is needed. At 31st March 2022 the balance of available unrestricted reserves was £182,124.

The breadth of projects, coupled with the new strategy, provides a platform for the organisation to contribute to reserves over the next period, bringing unrestricted reserves closer to the optimal amount.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Under Company law the Trustees are required to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Trustees are required to:

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

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

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

Provision of information to Auditors

In so far as the Trustees are aware:

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

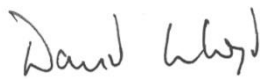
The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

Auditors

A resolution for the appointment of the auditors of the Company is to be proposed at the Board Meeting.

Approved by the Board of Trustees on 29th September 2022 and signed on their behalf by

A handwritten signature in black ink, appearing to read 'David Lloyd'.

David Lloyd

29th September 2022

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

Opinion

We have audited the financial statements of The Leadership Centre for Local Government (the 'charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with 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 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 other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Report of the Trustees. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report which includes 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.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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 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 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:

- We obtained an understanding of the charitable company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard

through discussions with management, sector research and application of cumulative audit knowledge and experience.

- We determined the principal laws and regulations relevant to the charitable company in this regard to be those arising from the Companies Act 2006, Financial Reporting Standard 102, the Charities SORP and relevant employee legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the charitable company with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in the timing of recognition of income from grants. We addressed this through review of all material grant agreements to ensure correct treatment under the Charities SORP, including consideration of the accounting period in which income should be recognised.
- We also identified potential for management bias in the judgements made around recoverability of debtors. We addressed this through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management.
- We also identified potential for management bias in the allocation of support costs against charitable activity categories. We addressed this through reviewing the method used for reasonableness, and re-performing the calculation to ensure it had been performed accurately in line with the stated method.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

15 Westferry Circus
Canary Wharf
London E14 4HD

Date: 30 November 2022

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating an INCOME AND EXPENDITURE ACCOUNT)

For the year ended 31 March 2022

	Notes	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:				
Grants	2	10,000	10,000	24,862
Charitable Activities	2	1,444,311	1,444,311	1,400,100
Investment income	3	136	136	470
Total income		1,454,447	1,454,447	1,425,432
Expenditure on:				
Charitable activities	7	1,401,266	1,401,266	1,428,069
Other Costs	9	26,016	26,016	20,670
Total Expenditure		1,427,282	1,427,282	1,448,739
Net income/(expenditure)	4	27,165	27,165	(23,307)
Reconciliation of Funds:				
Total funds brought forward		<u>154,959</u>	<u>154,959</u>	<u>178,266</u>
Total funds carried forward	14	<u>182,124</u>	<u>182,124</u>	<u>154,959</u>

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

All of the above results derive from continuing activities.

All income and expenditure in both years was unrestricted.

The notes on pages 21 to 25 form part of these financial statements.

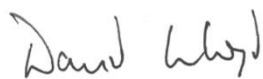
Company Registration number 05467557

BALANCE SHEET

As at 31 March 2022

	Notes	2022 £	2021 £
Current assets			
Debtors	10	261,485	479,860
Short term Investments	3	502,280	166,087
Cash at bank and in hand		10,000	10,000
		773,765	655,947
Creditors: amounts falling due within one year			
Creditors falling due within one year	11	591,641	500,988
		591,641	500,988
Net current assets		182,124	154,959
Total assets less current Liabilities		182,124	154,959
Funds			
Restricted Funds	14	-	-
Unrestricted Funds	14	182,124	154,959
		182,124	154,959

These financial statements were approved by the Trustees on 29th September 2022 and are signed and authorised for issue on their behalf by:



David Lloyd
Trustee

The notes on pages 21 to 25 form part of these financial statements.

Company Registration number 05467557

STATEMENT OF CASH FLOWS

As at 31 March 2022

	Note	2022 £	2021 £
Cash flow from operating activities	12	336,193	104,515
Net cash flow provided by operating activities		<u>336,193</u>	<u>104,515</u>
Cash and cash equivalents at 1 April		176,087	71,572
Cash and cash equivalents at 31 March		<u>512,280</u>	<u>176,087</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		10,000	10,000
Short term deposits		502,280	166,087
Cash and cash equivalents at 31 March		<u>512,280</u>	<u>176,087</u>

The notes on pages 21 to 25 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Leadership Centre is a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, The Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2019.

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

GOING CONCERN

The Trustees (who are also the directors of The Leadership Centre for Local Government ('the Centre') for purposes of company law) have prepared the accounts on a going concern basis. As described in the Report of the Trustees, during 2021/22 the Centre worked closely with the LGA and various public/private funded specified bodies. The Trustees have considered the likely impact of Covid-19 on the operational activities of the Centre and are of the view that there is a material impact. However, the Trustees consider that given the current level of the Centre's unrestricted funds and, given the likelihood of secured and securing funding for periods beyond April 2022, the Centre has sufficient resources to continue as a going concern.

FUNDS

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

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

INCOME POLICY

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

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

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

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

RESOURCES EXPENDED

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

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

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

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

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

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

ALLOCATION OF SUPPORT COSTS

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

The analysis of these costs is included in notes 7 and 8.

TAX

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

2. INCOME

	2022	2021
	£	£
<i>Income from donations and grants</i>		
Voluntary Income and Grants	10,000	24,862
<i>Income from charitable activities</i>		
Services recharged	1,444,311	1,400,100
	<u>1,454,311</u>	<u>1,424,962</u>

Voluntary income and grants mainly relate to funding from other public sector bodies. It is allocated to the main activities of the charity. Services recharged include events and conferences, publications and consultancy. £nil (2021 £nil) of the above income was attributable to restricted funds and £1,454,311 (2021 £1,424,962) to unrestricted funds.

3. INVESTMENT INCOME

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

4. AUDITOR'S REMUNERATION

The auditor's remuneration amounts to an audit fee of

	2022	2021
	£	£
Audit fees	3,500	3,500

No non-audit fees were paid in the year to the auditor (2021 nil).

5. EMOLUMENTS AND RELATED PARTY TRANSACTIONS

During 2022 Peter Smith unfortunately died and was succeeded by David Lloyd as Chairperson. Total remuneration of £22,397 (2020/21; £17,160) was paid to the Chairs for work done in this capacity in accordance with a written agreement approved by the Trustees under clause 5.9 of the Memorandum of Association. Reimbursement of expenses to one (2020/21; one) Trustees for travel costs totalled £119 (2020/21; £10).

There were no other related party transactions in the current or prior year.

6. EMPLOYEES

	2022	2021
	£	£
<i>Staff, agency and secondments</i>		
Staff	350,041	327,063
Agency staff fees	30,245	36,184
Total staffing costs	380,287	363,247

The aggregate employee benefits of key management personnel were £273,242 (2021: £258,264). The average number of senior staff employed directly during the year was 3 with employee benefits, excluding employer pension costs, in the ranges of £40k to £100k (2020 3 persons in the range £40,000 - £100,000).

Range £k	2022	2021
90-100	1	1
80-90	1	1

The average number of persons employed (including agency staff) was 4.5 (2021 4.2 persons).

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	2022 Activities undertaken Directly	2022 Support Costs	2022 Total Costs	2021 Total Costs
Delivery Areas	£	£	£	£
Future Vision	135,132	25,577	160,709	94,305
Centre Projects	216,536	40,985	257,521	296,273
Accident and Emergency	102,396	19,381	121,777	111,481
Specific Location Support for Leaders	154,094	29,167	183,261	13,767
Lets Go Southall	525,768	99,516	625,284	707,615
Nursing Talent	-	-	-	12,138
Sport England	3,785	717	4,502	133,705
Local Vision	14,291	2,705	16,996	-
Public Health Leadership	26,248	4,968	31,216	58,785
Total	1,178,250	223,016	1,401,266	1,428,069

£- (2021 £-) of the above costs were attributable to restricted funds and £1,401,266 (2021 £1,428,069) to unrestricted funds.

8. BREAKDOWN OF SUPPORT COSTS

	2022 £	2021 £
Finance support	10,300	10,300
Direction	66,398	34,405
General Office Costs	19,020	31,810
IT	45,288	29,504
Staff Costs	82,010	29,396
	223,016	135,415

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

9. EXPENDITURE ON OTHER COSTS

	2022 £	2021 £
Trustees Emoluments (see note 5)	22,397	17,160
Trustee's expenses	119	10
Statutory Audit fees	3,500	3,500
	26,016	20,670

10. DEBTORS

	2022 £	2021 £
Trade debtors	210,629	353,883
Other Debtors	12,406	1,968
VAT	-	39,574
Accrued Income	38,450	84,435
	261,485	479,860

11. CREDITORS

	2022	2021
	£	£
Trade creditors	66,990	10,000
Accruals	371,422	242,002
Other taxes and PAYE	15,104	9,999
VAT	119,956	230,284
Earned Leave Liability	18,169	8,703
	<u>591,641</u>	<u>500,988</u>

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

	2022	2021
	£	£
Net income/(expenditure) for year	27,165	(23,307)
Decrease in debtors	218,375	824
Increase in creditors	90,653	126,998
Net cash flow from operating activities	<u>336,193</u>	<u>104,515</u>

13. MEMBERS' LIABILITY

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

14. FUNDS ANALYSIS OF NET ASSETS BETWEEN FUNDS at 31st March 2022

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

	Current Assets	Current Liabilities	Funds Total
	£	£	£
UNRESTRICTED	773,765	591,641	182,124
	<u>773,765</u>	<u>591,641</u>	<u>182,124</u>

	As at 1 April 2021	Income	Expenditure	As at 31 March 2022
	£	£	£	£
Unrestricted Funds	154,959	1,454,447	1,427,282	182,124
Total	<u>154,959</u>	<u>1,454,447</u>	<u>1,427,282</u>	<u>182,124</u>

15. POST BALANCE SHEET EVENTS

The directors are not aware of any post balance sheet events.