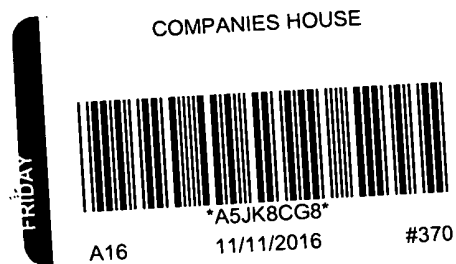


THE LEADERSHIP CENTRE FOR LOCAL GOVERNMENT

(A company limited by guarantee)

REPORT OF THE TRUSTEES and FINANCIAL STATEMENTS

for the year ended 31 March 2016



Company Registration Number 05467557
Charity Number 1123234

REPORT AND FINANCIAL STATEMENTS 2016

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LEGAL AND ADMINISTRATIVE DETAILS

Registered Name The Leadership Centre for Local Government
Charity number: 1123234
Company number: 05467557
Registered office: Local Government House, Smith Square, London SW1P 3HZ

Statutory Auditors: PKF Littlejohn LLP, 1 Westferry Circus, Canary Wharf, London E14 4HD

Bankers: Barclays, UK Banking,
1 Churchill Place, London, E14 5HP

Solicitors: Bates Wells & Braithwaite London LLP
2-6 Cannon Street, London, EC4M 6YH

Directors and Trustees

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

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

H Bailey	
Baroness C M Bakewell	Resigned on 24 February 2016
D Baxendale	
K Ryley	
Lord P R C Smith (Chair)	
Cllr R C Stay	
J Sobieraj	

Chief Executive	Joe Simpson
Secretary	John Jarvis

REPORT OF THE TRUSTEES

The Trustees present their report and financial statements of The Leadership Centre for Local Government ("the Leadership Centre") for the period from 1 April 2015 to 31 March 2016. 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 and Accounting and the FRS102 SORP published on 16 July 2014.

Structure, Governance and Management

Governing document

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 Charities 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 five times in the year. The role of the Chair is paid, as set up in the Memorandum and Articles of Association and approved by the Charities Commission. There is no formally constituted audit committee and audit matters are reported and taken at ordinary meetings of the Board.

The Chair works closely with the Leadership Centre's Director and the Company Secretary and he has 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. The Director and Company Secretary were delegated responsibility by the Trustees for the operational management of the Centre, including finance and employment matters.

Related parties

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

Public benefit statement

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

How our activities deliver public benefit

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

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

Business review

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

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

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

The combination of these developments has seen the continuation of the transformation in the scale of activities undertaken by the Centre, as mirrored in the transformation in the scale of income and expenditure of the Centre. Whilst expanding our activity we have still maintained reasonable reserves and despite continuing financial pressures we anticipate a similar level of activity in 2016/17.

However we remain conscious that the charity is dependent on attracting specific income (be it grants, contracts or financial support from the private sector) to cover its activities. The charity is not in receipt of general grant, nor has it the ability to undertake general charitable fundraising. We have therefore continued to keep core staffing to the minimum, whilst engaging with specialists to help in the delivery of specific programmes. We now have a well-developed network of individuals, who provide the bulk of the contracted people resource to deliver our programmes, whilst also having the central administrative capacity to support those programmes. This model gives us both quality control (through the contracting arrangements we expect our facilitators/enablers to partake in shared learning experiences) and the ability to expand/contract our commitments according to the resource available. Our reserves thus give us the buffer to negotiate our way through changes in priorities or availability of finance.

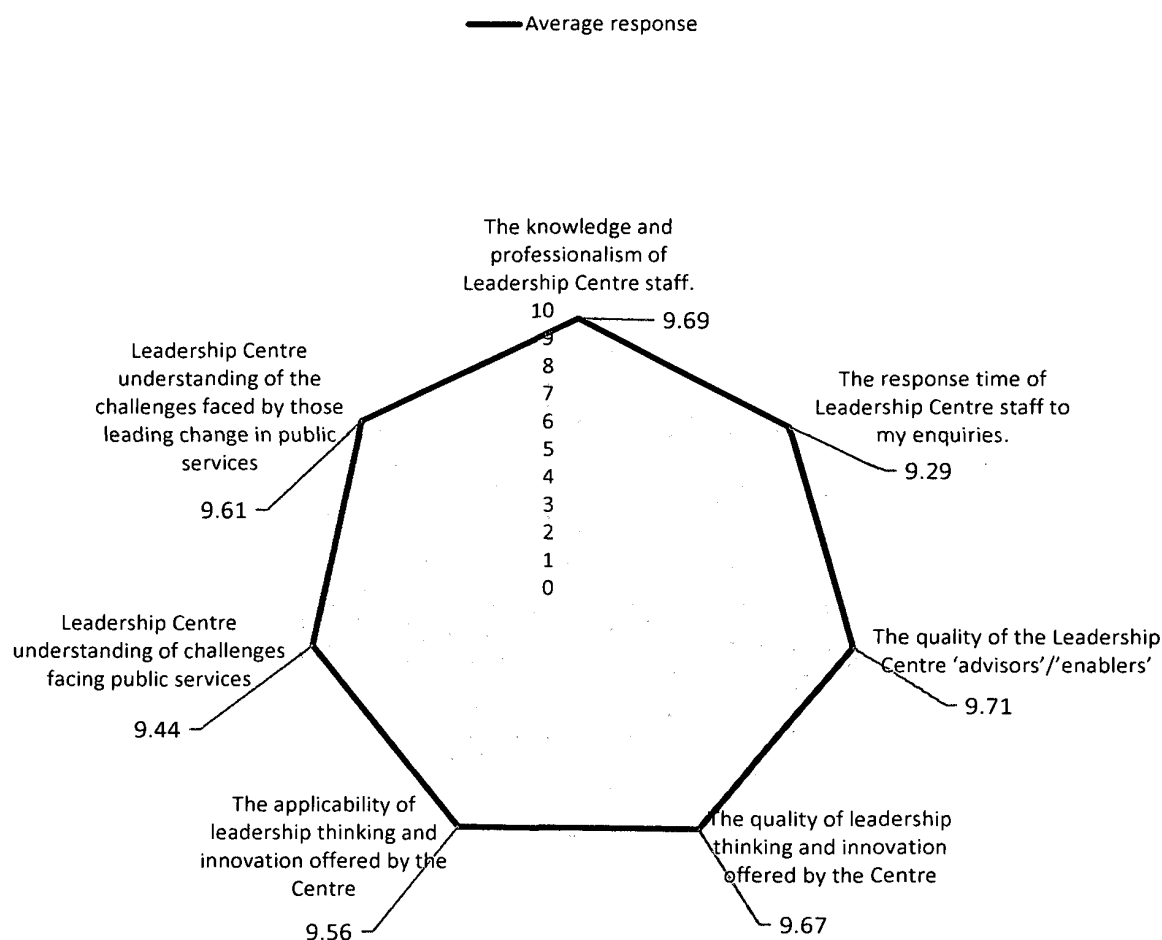
Achievements, activity and performance in 2015/16

In the last quarter of 2015/16 the Leadership Centre invited 600 people from across the public sector that we've worked with in the last 3 years to respond to a survey focussing on their personal and organisational experience of the Leadership Centre.

The results, shown below, fed in to a Trustees 24hr strategy review workshop where the Centre reaffirmed its focus, priorities and principles. More detail is provided in the 'Future Developments' section of this report.

Respondents' verdict, when scoring their satisfaction against a number of criteria, was to rate the Leadership Centre an average of 9.35 out of 10. The highest average scores were given for the quality of our advisors/enablers and, the knowledge and professionalism of the Leadership Centre staff.

Average respondent response when asked to rate their satisfaction between 0-10 on various quality indicators



Those responding also favourably highlighted:

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

We believe the results are very promising and indicate the Centre is highly regarded by those that know us, and is having a positive effect across sectors, ultimately resulting in the development of leadership skills in public servants suitable for the changing and challenging circumstances they find themselves working in.

The rest of this section reports the Centres cohort and programme based activity.

Future Vision

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

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

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

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

The participants of the first three cohorts have rated the experience extremely highly. They rated the experience so highly, and created positive lasting relationships, so much so that in fact that they have been keen to extend their work beyond the stated programme, which is self-funded. For example, the first cohort held a two day event in Bath undertaking a peer review of some of the challenges facing the council.

The third cohort started in February 2015 concluding in February 2016. Cohort four commenced in February 2016.

Alumni Vision

The end of the structured part of our programmes is by no means the end of the engagement - the Leadership Centre maintains a network of over 200 alumni in senior positions across public, private and charitable sectors, organising and facilitating events for them. Far more than mere social events, these are usually seminars and workshops with significant input from the alumni themselves.

During 2015/16 the Alumni Vision engagement strategy was refreshed with renewed focus and activity scheduled during 2016/17.

Local Vision

The Leadership Centre lent its programme name, value and expertise to a collaboration of a number of national partners (Association of Directors of Public Health, Department of Health, Leadership Centre, Local Government Association, NHS England, NHS Improving Quality,

NHS Leadership Academy, Public Health England, Social Care Institute for Excellence, The National Skills Academy for Social Care, Skills for Care, Think Local Act Personal, Virtual Staff College) to launch a national programme of leadership development based on a theory of Systems Leadership.

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

With applications sought through the still emergent fulcrum of local governance, the Health and Wellbeing Board, the collaborative has supported over 50 localities through to the end of 2015/16 helping them to address complex and complicated issues not easily solvable by one organisation or person, through leadership development in place.

In summer 2014 we published “The Revolution will be Improvised” a report based on the work undertaken. In 2015 we published a follow up report, “The Revolution will be improvised II”.

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

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

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

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

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

Health and Social Care Integration and New Models of Care Vanguards

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

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

Leadership for Change

The Leadership Centre, with other national leadership organisations, designed a pan-public sector leadership development programme for senior or aspiring leaders across the public sector. The framework is based on research of the behaviours needed to succeed when working across sectors. In 2015/16 the third cohort of place teams was selected and embarked on their leadership development journey.

Skills for Systems Leadership

Skills for Systems Leadership, delivered by Leadership Centre in partnership with Public Health England and in association with the Association of Directors of Public Health

intentionally complement these whole systems learning opportunities by providing a focus on developing the skills, behaviours and frameworks to support systems leadership specifically for Directors of Public Health and wider public health teams.

The programme was piloted in 2013/14 with full roll out in 2014/15 and completion in 2015/16. Skills for Systems Leadership was delivered regionally allowing us to co-design the programme with Directors of Public Health, support the development of regional working amongst Directors of Public Health and the further development of the regional presence of the Association of Directors of Public Health.

The delivery team included Enablers from Local Vision who already have an understanding of the local context allowing the application of learning from the programme in real time.

The impact of the programme has been felt across public health teams locally and nationally. Local teams have reported advancement specifically around the issues they brought to the workshops and more broadly in the way they operate locally and regionally. Nationally the tools, thinking and ways of doing encapsulated by the term 'Systems Leadership' are finding their way into the vernacular of departments.

2025 Leaders Programme

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

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

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

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

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

Collaborations, events and publications

During 2015/16 the Leadership Centre extended its portfolio of thought leadership pieces through publishing its own material and in collaborations with others.

The Art of Change Making – A collection of theories, approaches, tools and techniques for understanding the complex interactions between people and organisations and how to intervene to create meaningful change. These are used by current practitioners in developing systems leadership.

The Revolution will be Improvised II - Following the Revolution will be Improvised, which drew together some of the early insights and lessons learned from Local Vision, the second report in this series takes this learning further. Drawing on insights and reflections from nearly forty Local Vision places, along with Leadership for Change teams, the report shows what actually happened when they applied Systems Leadership approaches.

Demand Management and Behaviour Change : A Manual for Collaborative Practice - Managing demand is critical to the sustainability of public services. Drawing on previous work

by Collaborate and the Leadership Centre, this paper looks at some of the approaches to demand management in public services currently being practiced, their underpinning principles, and looks at where demand management could be headed next.

Revolution Road – A collaborative event with the Systems Leadership Steering group following the Autumn Statement, to take look at what we've learned about Systems Leadership; to map out what we're likely to be facing in future; and to think together about how we can now use the learning in this new world, in order to change things for the better. The past four years have seen seismic changes to the commissioning and delivery of public services, and the next three years promise even more change.

Learning network - The network is supported by the Leadership Centre and Systems Leadership Steering Group, and is specifically designed for senior leaders who are actively involved in working across their local health and social care system including the Local Vision Programme.

The network:

- offers a safe space for leaders to reflect on what is emerging for them through the System Leadership – Local Vision Programme and other place based activity.
- provides a forum for leaders to contribute to national and local thinking on system leadership;
- provides opportunities for networking;
- introduces relevant theories of change to support local activities; and
- hosts a range of external speakers

Key challenges faced in 2015/16

1. Ability to raise funds required to do the above

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

2. A credible delivery capacity

From the outset the Leadership Centre adopted a particular approach to staffing. We did not seek to establish a large in house permanent staff. We believed that such an approach would be both inflexible and costly. Neither did we opt for a pure commissioning model (with its reliance often on large suppliers). Instead we aimed to create a pool of individuals, with whom we would work on a regular basis, but always offering local places choice so places had a stake in the decision. By using the pool we were also able to get some quality control, but also capture shared learning (otherwise the communal learning would be lost). A key challenge for 2015/16 was to expand the pool of enablers. The experience of the Systems Leadership projects to date is that there is a limited pool from which to draw, but we have expanded the resource slightly.

3. An ability to create sustained and sustainable change

One of the challenges faced by public services and the work undertaken by the Leadership Centre is the matter of ensuring that any learning and progress made is sustainable and create public value. To ensure this vital part of the legacy of our programmes is achieved, reflection, evaluation and learning opportunities are embedded from the outset, and direct

connections across public service organisation and leaders, politicians and officers, are designed in from the beginning.

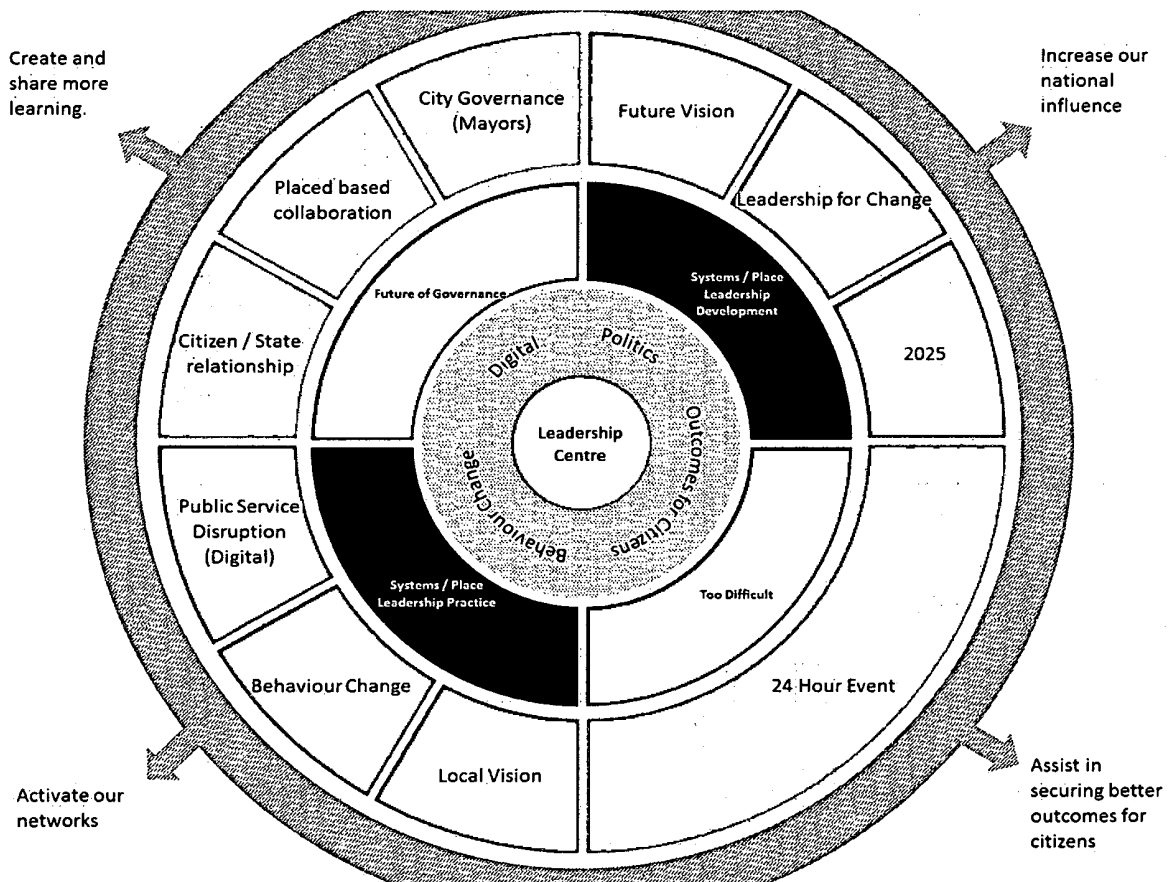
4. Seeing the wood for the trees.

As many think tanks and government commentators have observed there have been numerous attempts over the past 20 years to join up services at a local level to make them more responsive to local need and deliver outcomes required by citizens. The 2015/16 financial year has been no different – with multiple initiatives from Whitehall making an attempt to engineer a new relationship between central government, local government, NHS and citizens. From Devolution and combined authorities in local government to Integrated Personal Commissioning and Sustainability and Transformation plans and health and the NHS. What is clear is that unless a locality (public services and citizens) has a clear shared vision, values and agreed next steps these initiatives can detract by acting as a diversionary focal point. In areas with the aforementioned grounding, the initiatives can act as helpful stepping stones and levers to meet the shared outcomes. Part of our role when working with localities has been to assist those in localities to keep on track for longer term outcomes.

Future Developments

During 2015/16 the Leadership Centre Trustees revisited our strategy to building leadership capacity in the public sector, setting the 2016/17 approach.

Building on our current model whilst emphasising our strength and experience, the diagram below describes the major challenges we see to address and the approach we propose to meet those challenges over the coming year.



At the core

The Centre will maintain its modus operandi of high quality, bespoke support and interventions using a tight core team and pool of individuals to work with.

Our work will be infused with digital, behaviour change and politics themes, and always with a focus on improved outcomes for citizens.

Systems / Place Leadership

The Leadership Centre has been a major player in helping move thinking from purely service specific to one thinking more holistically, looking at the interaction of different players in a locality. In local government this is often described as 'Leadership of Place', whilst in health the term 'Systems Leadership' has taken hold.

Our approach to this has been two fold. First we have mounted specific leadership development programmes (such as Future Vision and 2025). But secondly we have always aimed to work with people in specific places, on the specific problems that need to be addressed in that place. Today the Local Vision/Systems Leadership projects have this cross organisational approach embedded in the whole operation, which will continue.

Future of Governance/Too Difficult Box

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

The Leadership Centre's work in 2016/17 will focus on the two axis described above, with each of the proposed activities addressing the challenges.

Development and sharing of insight and learning

In 2015/16 we published learning and insight from our place based activities in 'The Revolution will be Improvised II', 'The Art of Change Making' and offered thoughts around the leadership of behaviour change and demand management in 'Demand Management and Behaviour Change : A Manual for Collaborative Practice'.

In 2016/17 we will be furthering our portfolio of thought leadership publications and developing online resources for those wishing to explore, experiment and develop further the tools and practice around systems thinking and leadership.

We will also further engage our considerable alumni network with newsletters, and in events, masterclasses and bespoke sessions inviting them to bring their wealth of knowledge and experience to bear on a range of hot topics.

Challenges in 2016/17

1. Relocating our operation

During 2016/17 The Leadership Centre will be moving its operation away from its current location. Finding a site with the required space, connections and price will be of outmost importance.

2. Even Greater Collaboration

The Centre has always sought collaborations. With public funding getting ever tighter collaborative and co-produced support, interventions and knowledge creation has never been more important in achieving greater impact and influence.

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.

Financial review

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.

Reserves

During 2015/16 the Leadership Centre utilised some of its reserves to support its charitable activities. The Leadership Centre has taken a very conservative approach to allocating funding in 2016/17, with regards to grants funding, as much activity crossed financial year ends. Once these projects are complete and where appropriate any remaining balance will be transferred to Leadership Centre reserves.

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

The reserve policy requires the retention of adequate funds to support a full year of opening of the Leadership Centre and, taking account of current costs, the retention should be in the order of £500,000 to cover a year of staff costs and accommodation, including facilities and IT. The policy is due to be reviewed in the light of the possible future office move.

Environment

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

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

The Leadership Centre for Local Government Statement of Trustees' Responsibilities

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

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

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

Provision of information to Auditors

In so far as the Trustees are aware:

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

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

The Leadership Centre for Local Government Statement of Trustees' Responsibilities

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

Auditors

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

Approved by the Board of Trustees on 14 June 2016 and signed on their behalf by

A handwritten signature in black ink, appearing to read 'Peter Smith', written in a cursive style.

Peter Smith

14 June 2016

The Leadership Centre for Local Government Independent Auditors' Report

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF THE LEADERSHIP CENTRE FOR LOCAL GOVERNMENT

We have audited the financial statements of The Leadership Centre for Local Government ('The Leadership Centre') for the year ended 31 March 2016 which comprise the Statement of Financial Activities, Balance Sheet and related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and the Charities SORP 2015 (FRS 102).

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

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 14, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

The Leadership Centre for Local Government Independent Auditors' Report


Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Paul Hopper
Senior Statutory Auditor
For and on behalf of PKF Littlejohn LLP

Date: 14th June 2016

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

The Leadership Centre for Local Government
Notes to the Financial Statements

STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating an INCOME AND EXPENDITURE ACCOUNT)
For the year ended 31 March 2016

		Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Restated Total funds 2015 £
	Notes				
Income from:					
Grants	2	19,677	600,000	619,677	1,575,770
Charitable Activities	2	474,582	10,793	485,375	89,704
Investment income	3	7,530	-	7,530	12,762
Sponsorship and conferences	2	44,330	-	44,330	21,202
Total income		546,119	610,793	1,156,912	1,699,438
Expenditure on:					
Charitable activities	7	838,137	883,720	1,721,857	1,844,423
Other Costs	9	20,380	-	20,380	19,676
Total Expenditure		858,517	883,720	1,742,237	1,864,099
Net (expenditure)		(312,398)	(272,927)	(585,325)	(164,661)
Reconciliation of Funds:					
Total funds brought forward		1,029,433	1,344,674	2,374,107	2,538,768
Total funds carried forward	14	717,035	1,071,747	1,788,782	2,374,107

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

All of the above results derive from continuing activities

The notes on pages 21 to 26 form part of these financial statements.

**The Leadership Centre for Local Government
Notes to the Financial Statements**

Company Registration number 05467557

**BALANCE SHEET
As at 31 March 2016**

	Notes	2016 £	Restated 2015 £
Current assets			
Debtors	10	556,470	385,513
Short term Investments	3	1,529,948	1,870,000
Cash at bank and in hand		10,000	499,427
		2,096,418	2,754,940
Creditors: amounts falling due within one year			
Creditors falling due within one year	11	307,636	380,833
		307,636	380,833
Net current assets		1,788,782	2,374,107
Total assets less current liabilities		1,788,782	2,374,107
Funds			
Restricted Funds	14	1,071,747	1,344,674
Unrestricted Funds	14	717,035	1,029,433
		1,788,782	2,374,107

These financial statements were approved by the Trustees on **14 June 2016** and are signed and authorised for issue on their behalf by:

**Peter Smith
Trustee**



The notes on pages 21 to 26 form part of these financial statements.

**The Leadership Centre for Local Government
Notes to the Financial Statements**

Company Registration number 05467557

STATEMENT OF CASH FLOWS

As at 31 March 2016

	Note	2016 £	2015 £
Cash flow from operating activities	12	(829,479)	680,985
Net cash flow (used in)/provided by operating activities		<u>(829,479)</u>	<u>680,985</u>
Cash and cash equivalents at 1 April		2,369,427	1,688,442
Cash and cash equivalents at 31 st March		<u>1,539,948</u>	<u>2,369,427</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		10,000	499,427
Short term deposits		1,529,948	1,870,000
Cash and cash equivalents at 31 March		<u>1,539,948</u>	<u>2,369,427</u>

The notes on pages 21 to 26 form part of these financial statements.

The Leadership Centre for Local Government

Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

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

The Centre adopted SORP (FRS 102) in the current year and an explanation of how transition to SORP (FRS 102) has affected the reported financial position and performance is given in note 14.

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 2015-16 the Centre worked closely with the LGA and various publicly funded specified bodies. Funding has been agreed beyond 31 March 2016 and the directors are of the belief that the company will continue as a going concern.

FUNDS

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

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

INCOME POLICY

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

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

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

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

The Leadership Centre for Local Government Notes to the Financial Statements

RESOURCES EXPENDED

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

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

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

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

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

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

ALLOCATION OF SUPPORT COSTS

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

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

The analysis of these costs is included in note 8.

TAX

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

The Leadership Centre for Local Government

Notes to the Financial Statements

2. INCOME

	2016 (£)	2015 (£)
<i>Income from donations and grants</i>		
Voluntary Income and Grants	619,677	1,575,770
Sponsorship and Conferences	44,330	21,202
<i>Income from charitable activities</i>		
Services recharged	<u>485,375</u>	<u>89,704</u>
	<u>1,149,382</u>	<u>1,686,676</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. £610,793 (2015 £1,557,000) of the above income was attributable to restricted funds and £538,589 (2015 £129,676) to unrestricted funds.

3. INVESTMENT INCOME

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

4. AUDITORS REMUNERATION

The auditor's remuneration amounts to an audit fee of

	2016 (£)	2015 (£)
Audit fees	3,500	2,000

5. EMOLUMENTS

During 2015/16 total remuneration of £16,760 (2014-15; £16,782) was paid to the Chair for work done in this capacity in accordance with a written agreement approved by the Trustees under clause 5.9 of the Memorandum of Association. Reimbursement of expenses to Trustees for travel costs totalled £120 (2014/15; £550).

6. EMPLOYEES

	2016 (£)	2015 (£)
<i>Staff, agency and secondments</i>		
Staff	136,166	96,382
Agency staff fees	92,202	95,622
Secondments	<u>204,722</u>	<u>184,090</u>
Total staffing costs	<u>433,090</u>	<u>376,094</u>

The Leadership Centre for Local Government

Notes to the Financial Statements

The average number of senior staff employed, directly or seconded, during the year was 3 (2015 2 persons), with employee benefits, excluding employer pension costs, in the ranges below.

Range £k	2016	2015
100-105	1	-
95-100	-	1
85 -90	1	1
65-70	1	-

The average number of persons employed (including agency staff) was 6 (2015 5 persons).

7. COSTS OF CHARITABLE ACTIVITIES

	2016 Activities undertaken Directly (£)	2016 Support Costs (£)	2015 Activities undertaken directly (£)	2015 Support costs (£)
Delivery Areas				
Future Vision	178,691	31,629	196,663	22,482
Centre Projects	36,285	6,220	-	-
Knowledge Management	-	-	-	-
Specific Location Support for Leaders	101,530	17,403	19,098	2,183
Systems Leadership	871,635	49,406	719,534	82,257
Where Next	2,343	2,116	8,909	1,019
Local Vision	37,815	6,482	191,644	21,909
Public Health Leadership	231,603	39,699	519,353	59,372
Total	1,469,902	251,955	1,655,201	189,222

£883,720 (2015 £1,424,727) of the above costs were attributable to restricted funds and £838,137 (2015 £419,696) to unrestricted funds.

8. BREAKDOWN OF SUPPORT COSTS BY CHARITABLE ACTIVITY

	2016 (£)	2015 (£)
Finance support	15,000	18,023
Direction	60,086	45,785
General Office Costs	111,117	78,915
IT	5,802	929
Staff Costs	59,950	45,570
	251,955	189,222

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

9. GOVERNANCE COSTS

	2016 (£)	2015 (£)
Trustees Emoluments (see note 5)	16,760	16,782
Meeting costs	120	344
Chairman's expenses	-	550
Statutory Audit fees	3,500	2,000
	20,380	19,676

The Leadership Centre for Local Government
Notes to the Financial Statements

10. DEBTORS

	2016	2015
	(£)	(£)
Trade debtors	529,986	117,659
Other Debtors	12,933	-
VAT recoverable	-	8,226
Accrued Income	13,551	259,628
	556,470	385,513

11. CREDITORS

	2016	2015
	(£)	(£)
Trade creditors	35,952	32,063
Accruals	175,440	342,992
Other taxes and PAYE	5,672	3,941
VAT	87,003	-
Earned Leave Liability	3,569	1,836
	307,636	380,832

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

	2016	2015
	(£)	(£)
Net income / (expenditure) for year / period	(585,325)	(164,661)
(Increase) / decrease in debtors	(170,957)	647,659
Increase / (decrease) in creditors	(73,197)	197,987
Net cash flow from operating activities	(829,479)	680,985

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. TRANSITION TO FRS102

This is the first year that the company has presented its results under the Charities SORP (FRS 102). The last financial statements under the UK GAAP were for the year ended 31 March 2015. The effect of transition from SORP (2005) to SORP (FRS 102) is outlined below..

- a.) Consequential changes in accounting policies resulting from adoption of SORP (FRS 102) were as follows:
 - Recognition of the short term staff benefit liability for earned leave;
 - Income recognition rather than deferral.
- b.) Adjustments to previously reported total charity funds were as follows

**The Leadership Centre for Local Government
Notes to the Financial Statements**

ACCUMULATED FUNDS	1 April 2014	31 March 2015
	£	£
SORP2005 – As previously reported	1,024,615	741,808
Income Recognition	1,514,153	1,634,136
Holiday Pay Accrual	-	-1,836
FUNDS UNDER SORP(FRS 102)	2,538,768	2,374,10

15. POST BALANCE SHEET EVENTS

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