

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

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

**Consolidated financial statements**  
**for the year ended 31 March 2017**

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

**Consolidated financial statements  
for the year ended  
31 March 2017**

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

### Report of the Trustees for the year ended 31 March 2017

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The trustees present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2017 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

### Objectives and activities

#### Objects

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

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

#### Purpose and aims

Strategic aims of the charity are focused on:

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

### Achievements and performance

#### Significant activities

On 31 March 2016 the charity concluded the final element of its group-level change programme and restructure, with the transfer (as a going concern) of all business, trade, assets and liabilities of Society of Local Authority Chief Executives and Senior Managers (company number 02771210) to the charity - including ownership of the issued share capital in Solace In Business Ltd (company number 03150254).

Pending that transfer the charity, during the year ended 31 March 2016, maintained its commitment to promoting public sector excellence through strategic support and assistance for the membership organisation rather than direct delivery.

Since that transfer the charity has taken on direct delivery and promotion of core activities including: policy analysis and debate; thematic and geographically-based networking; organisational development support; and, professional development for individuals and teams – including training the 'next generation' of local government leaders through contextualised programmes.

Alongside a range of forums and consultation paper responses, policy activity has included the publication of:

- *Leadership actions for innovations* - new research on behalf of the Solace Innovation and Commissioning Network in which a range of senior and middle managers from twelve councils were interviewed to share their perspectives on which leadership action has the greatest impact on achieving innovation.
- *Using evidence in scrutiny* - a practice guide for local government scrutiny, covering the best ways to understand and use evidence in order to make effective recommendations.

**Report of the Trustees (continued)  
for the year ended  
31 March 2017**

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***Significant activities (continued)***

- *Walk Tall: Being a 21st Century Public Servant* - a collection of over 60 public worker interviews, telling their stories and demonstrating the best of what they do, day in and day out. These stories bridge a gap with the influential and ground breaking University of Birmingham research, *21st Century Public Servant*, and help bring it to life through the day to day activities of people and the organisations they represent.
- *Housing Survey 2016*: a survey of Solace members in September-October 2016, aimed at measuring local authorities' attitudes to housing; to understand what they doing to address the national housing challenge; to examine their current priorities and future plans as they relate to housing; and, to understand the challenges they are facing in delivering the homes needed by their local areas.

Membership activity continues to be strengthened, with a net gain of 130 members during the year and a year-end membership of over 1,400 demonstrating continuing reach and influence for the organisation. Geographically-based and national events such as the annual Summit provide underpinning knowledge and the promotion of efficiency and good practice. These are supplemented by a selection of learning and organisational development activities available to individuals and local authorities alike. Examples of learning and organisational development highlights during the year include:

- continued successful delivery of the LGA's national Graduate Development Programme;
- successful 2nd cohort of our Total Leadership programme, for aspiring CEOs, in collaboration with the University of Birmingham;
- successful launch of a new 'Transform' programme focused on change management for middle managers;
- working with over 500 councils across the UK;
- support for over 700 people in their individual professional development, including coaching and mentoring;
- welcoming 1,376 members to our workshops and events.

A review of the organisations long-established business partner programme facilitating engagement between the private and voluntary sectors and areas of local government has ensured its continued applicability to all parties. A refreshed offer is now being rolled-out, inviting potential partners to work with us on thought leadership and providing enhanced opportunities for our members to engage in creative ideas exchange and products and services innovation through the sharing of expertise and best practice.

The interim and permanent recruitment activity of the trading subsidiary, Solace In Business, has not only delivered income to further the activity of the charity, but also complemented its aims and objectives through being grounded in public service values and the placement of quality resources in to the local government sector. Additionally, its 'profit for purpose' status is part of a unique social enterprise operating model not replicated by competitors.

***Key performance indicators***

In addition to detailed management accounts, a range of indicators are used by the trustees and executive management to monitor and direct activities as appropriate. These include: income and margins; sickness absence; membership renewals and additions; conversion rates for tendered activity; associates utilisation; and, customer satisfaction across all areas of activity.

***Public Benefit***

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

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

These benefits have this year been primarily achieved through the significant activities highlighted above.

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

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

### Report of the Trustees (continued) for the year ended 31 March 2017

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#### Financial Review

##### *Investment policy*

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

##### *Investment performance*

Tilney Bestinvest continue to manage an investment portfolio on behalf of the charity. The portfolio was valued at £122,420 on 31 March 2017 including a £12,045 gain on revaluation. In the year ended 31 March 2017 there was an overall £12,685 net increase in funds after withdrawals and investment management charges (note 15).

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

##### *Results for the year*

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

	£
Total income for the year was	5,574,363
After deducting expenditure of	5,697,674
The net income / (expenditure) was	<u>(123,311)</u>

The net assets of the charitable group at 31 March 2017 were	<u>969,049</u>
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##### *Available funds*

At 31 March 2017 the charity had freely available reserves for its general purposes amounting to £833,937

This comprises the balance in unrestricted funds, excluding tangible fixed assets and investments.

##### *Reserves Policy*

The charity's reserves policy is based on the value of unrestricted reserves excluding designated funds, with a target of covering 6 months operating costs (calculated to be £637,750 as at 31 March 2017) and a minimum of 3 months operating costs (£495,110 as at 31 March 2017). At £691,411 (note 21) the value of unrestricted reserves excluding designated funds as at 31 March 2017 compares favourably to the stated target reserves level. In the event that future circumstances require it, currently designated funds may be undesignated in order to address required needs.

##### *Risks and uncertainties*

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

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

##### *Financial risk management*

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

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

**Report of the Trustees (continued)  
for the year ended  
31 March 2017**

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***Financial risk management (continued)***

Liquidity risk      A range of bank accounts are used which enable access to funds in line with cash flow projections. Group companies have a good relationship with their bankers.

**Future Plans**

The charity's focus in the next period is to sustain the current momentum of work across its range of activities. To that end, the charity aims to pursue the following key priorities over the next twelve months:

- develop a career spanning high support, high challenge professional body promoting the leadership and management attributes required to drive successful change;
- enable Solace members to make a positive contribution to the policy direction and improvement of local public services, utilising their experience and skills to inform key decision makers; and
- create the organisational culture and digital infrastructure sufficient to deliver our long term objectives and maximise the operational efficiency of the group to deliver high quality services to our clients and partners.

**Structure, Governance and Management**

***Governing document***

The charity is controlled by its governing document (a deed of trust dated 9 January 1986), and constitutes a company limited by guarantee (incorporated in England & Wales). It is governed by Memorandum and Articles of Association which were last amended and ratified by the directors on 15 October 2014.

***Organisational structure***

The charity is governed by directors who are also the trustees of the charity, as listed on page 5. The directors are responsible for administering the funds in accordance with the Trust Deed.

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

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

***Recruitment and appointment of new trustees***

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

***Third party indemnity provision for directors***

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

***Induction and training of new directors***

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

***Disability and equality policy***

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

***Pay policy for senior staff***

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

All non-executive directors give of their time freely in that capacity and no director received remuneration during the year (2016: £nil) in connection with their appointment or duties as a director of the charity. Details of directors' expenses are provided in note 13 to the financial statements.

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

**Report of the Trustees (continued)  
for the year ended  
31 March 2017**

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***Pay policy for senior staff (continued)***

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

**Reference and administrative details**

Company number	4053417
Charity number	1084419
Registered office and principle address	Off Southgate Pontefract West Yorkshire WF8 1NT

**Directors and trustees**

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

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

Elected non-executive directors:	J P Comber	(appointed 12 October 2016)
	M J Hynes	
	G L Jones	(appointed 12 October 2016)
	R H Kenyon	(appointed 12 October 2016)
	J E Miller	(appointed 12 October 2016)
	A W Muter	(appointed 12 October 2016)
	A M Price	
	S W Baker	(resigned 12 October 2016)
	L Carpenter	(resigned 12 October 2016)
	J Robinson	(resigned 12 October 2016)
Employed executive directors:	S M Rogers	(resigned 12 October 2016)
	K Ryley	(resigned 12 October 2016)
	G V McDonald	
	T J McDougall	
	D J Wood	(resigned 30 September 2016)

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

Group Director	G V McDonald
Group Director (until 30 September 2016)	D J Wood
Head of Policy (from 4 July 2017)	P Das Gupta
Head of Leadership & Organisational Development	T I Birtwell
Head of Professional Development & Events	J A Haworth
Head of Membership	C J Green

**Key management personnel: Senior managers of Solace In Business Ltd**

Group Director	T J McDougall
Director of Finance & Performance	S R P Chambers
Head of Executive Resourcing & Assessment	S J Guest
Head of Interim Management & Operations	J K Mullinger

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

### **Report of the Trustees (continued) for the year ended 31 March 2017**

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#### **Our advisers**

Auditors	Jolliffe Cork LLP, 33 George Street, Wakefield WF1 1LX
Bankers	Lloyds Bank plc, 27-31 White Hart Street, High Wycombe, HP11 2HL National Westminster Bank Plc, 23 Uplands Crescent, Swansea SA2 0NY The Royal Bank of Scotland plc, 35-37 Northgate, Wakefield WF1 3XA

#### **Trustees' responsibilities in relation to the financial statements**

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

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the financial statements, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

#### **Statement as to disclosure of information to the auditor**

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

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

Signed on behalf of the trustees on      6 October 2017

G V McDonald  
Trustee

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

**for the year ended  
31 March 2017**

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We have audited the financial statements of The Society of Local Authority Chief Executives and Senior Managers (Solace Group) Ltd for the year ended 31 March 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and the Parent Charity Balance Sheet, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

**Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement set out on page 6, 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.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. 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 any 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 group's and the parent charitable company's affairs as at 31 March 2017, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Charities Act 2011.

**Opinion on other matter prescribed by the Companies Act 2006**

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

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

**for the year ended  
31 March 2017**

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**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 and the Charities Act 2011 requires us to report to you if, in our opinion:

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

Adam Perkin FCA (Senior Statutory Auditor)  
for and on behalf of  
Jolliffe Cork LLP  
Chartered Accountants and Statutory Auditor  
33 George Street  
Wakefield, WF1 1LX

6 October 2017

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

**Consolidated Statement of Financial Affairs (including consolidated income and expenditure account)**  
for the year ended  
31 March 2017

	Notes	Unrestricted Funds £	Total Funds 2017 £	Total Funds 2016 £
<b>INCOME</b>				
Donations	4	-	-	739,917
Income from charitable activities	5	1,311,205	1,311,205	-
<i>Income from other activities</i>				
Commercial trading operations	6	4,260,094	4,260,094	-
Income from investments	7	3,064	3,064	3,260
Other income	8	-	-	215,171
<b>Total income</b>		<u>5,574,363</u>	<u>5,574,363</u>	<u>958,348</u>
<b>EXPENDITURE</b>				
<i>Cost of raising funds</i>				
Investment management costs	9	1,985	1,985	1,921
Commercial trading operations	6	3,947,541	3,947,541	-
<i>Expenditure on charitable activities</i>				
Education & Training	11	1,128,955	1,128,955	-
Membership services	11	618,888	618,888	1,507
Loss on disposal of fixed assets		305	305	-
<b>Total expenditure</b>		<u>5,697,674</u>	<u>5,697,674</u>	<u>3,428</u>
<b>Net income / (expenditure)</b>		(123,311)	(123,311)	954,920
<b>Other recognised gains / (losses)</b>				
Unrealised (losses) / gains on investments		12,045	12,045	(736)
<b>Net movement in funds for the year</b>		<u>(111,266)</u>	<u>(111,266)</u>	<u>954,184</u>
<b>Reconciliation of funds</b>				
Total funds brought forward	21	1,080,315	1,080,315	126,131
<b>Total funds carried forward</b>	<b>21</b>	<u>969,049</u>	<u>969,049</u>	<u>1,080,315</u>

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

The notes on pages 12 to 20 form an integral part of these financial statements.

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

Consolidated Balance Sheet

as at

31 March 2017

	Notes	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
<b>Fixed assets</b>					
Tangible assets	14	12,692	31,002	3,978	12,127
Investments	15	122,420	109,735	184,454	171,769
<b>Total Fixed Assets</b>		<u>135,112</u>	<u>140,737</u>	<u>188,432</u>	<u>183,896</u>
<b>Current assets</b>					
Debtors	16	1,162,179	1,322,629	528,991	555,849
Cash at bank and in hand		1,067,407	1,195,785	562,188	729,898
<b>Total Current Assets</b>		<u>2,229,586</u>	<u>2,518,414</u>	<u>1,091,179</u>	<u>1,285,747</u>
<b>Creditors: falling due within one year</b>	17	1,395,649	1,578,836	584,799	604,499
<b>Net current assets</b>		<u>833,937</u>	<u>939,578</u>	<u>506,380</u>	<u>681,248</u>
<b>Total assets less current liabilities</b>		969,049	1,080,315	694,812	865,144
<b>Creditors: falling due after more than one year</b>		-	-	-	-
<b>Net Assets</b>		<u><u>969,049</u></u>	<u><u>1,080,315</u></u>	<u><u>694,812</u></u>	<u><u>865,144</u></u>
<b>The funds of the charity</b>					
Unrestricted income funds	21	969,049	1,080,315	694,812	865,144
<b>Total charity funds</b>		<u><u>969,049</u></u>	<u><u>1,080,315</u></u>	<u><u>694,812</u></u>	<u><u>865,144</u></u>

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

The financial statements were approved by the Trustees on 6 October 2017 and signed on their behalf by:

A W Muter  
Trustee

The notes on pages 12 to 20 form an integral part of these financial statements.

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

Statement of Cash Flows and Consolidated Statement of Cash Flows

as at

31 March 2017

	Group 2017 £	Group 2016 £	Charity 2017 £	Charity 2016 £
<b>Cash flows from operating activities</b>				
Net movement in funds for the year	(111,266)	954,184	(170,332)	739,013
Adjustments for:				
Depreciation	18,005	-	7,844	-
Unrealised investment (gains) / losses	(12,045)	736	(12,045)	736
Re-invested dividend income	(2,625)	(3,254)	(2,625)	(3,254)
Fees netted off investment portfolio	1,985	1,921	1,985	1,921
Interest received	(439)	(6)	(187)	(6)
Loss / (gain) on disposal of fixed assets	305	-	305	-
Transfer of donated assets	-	(626,197)	-	(626,197)
Consolidation gains	-	(215,171)	-	-
Decrease / (increase) in debtors	160,450	(112,480)	26,858	(112,480)
Increase / (decrease) in creditors	(183,187)	(82,349)	(19,700)	(82,349)
<b>Cash generated from / (used in) operating activities</b>	<b>(128,817)</b>	<b>(82,616)</b>	<b>(167,897)</b>	<b>(82,616)</b>
<b>Cash flows from investing activities</b>				
Interest received	439	6	187	6
Released from managed portfolio	-	15,000	-	15,000
Gained through acquisition	-	1,178,786	-	712,899
<b>Cash provided by / (used in) investing activities</b>	<b>439</b>	<b>1,193,792</b>	<b>187</b>	<b>727,905</b>
<b>Cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Increase / (decrease) in cash and cash equivalents in the year</b>	<b>(128,378)</b>	<b>1,111,176</b>	<b>(167,710)</b>	<b>645,289</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>1,195,785</b>	<b>84,609</b>	<b>729,898</b>	<b>84,609</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,067,407</b>	<b>1,195,785</b>	<b>562,188</b>	<b>729,898</b>

**Notes to the Consolidated Financial Statements  
for the year ended  
31 March 2017**

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**1 Accounting policies**

**1.1 Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

**1.2 Basis of consolidation**

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

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

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

**1.3 Going concern**

The financial statements have been prepared on a going concern basis.

**1.4 Fixed assets**

a) Fixed assets are initially recorded at historic cost.

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

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

**1.5 Fixed Asset investments**

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

**1.6 Income recognition**

- a) All grants, donations and voluntary income are accounted for when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.
- b) Income from charitable activities (including trading) in the form of services is recognised in the relevant period(s) in which the activity takes place or is earned. Activity income received in advance is deferred until entitlement to the income has arisen at which time it is credited to the Statement of Financial Activities.
- c) Investment income is recognised on an accruals basis.

**Notes to the Consolidated Financial Statements (continued)**  
**for the year ended**  
**31 March 2017**

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**1 Accounting policies (cont'd)**

**1.7 Expenditure**

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

**1.8 Support costs**

Support costs relate to functions that assist the work of the charity but do not directly undertake charitable activities. They include back office, finance, personnel, payroll and governance costs (e.g. the preparation and examination of the statutory accounts, the costs of directors meetings and the cost of legal advice on constitutional matters). The bases on which support costs have been allocated are set out in note 8.

**1.9 Operating leases**

Rentals payable under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

**1.10 Pensions**

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

**1.11 Fund accounting**

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

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

**2 Legal status and control**

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

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

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

**3 Financial performance of the charity**

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiary company (note 6), which provides Interim placement and executive recruitment services.

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

**Notes to the Consolidated Financial Statements (continued)**  
**for the year ended**  
**31 March 2017**

<b>3 Financial performance of the charity (cont'd)</b>	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Donations received	253,739	739,917
Income from investments	2,812	3,260
Income from charitable activities	1,311,205	-
	<u>1,567,756</u>	<u>743,177</u>
Loss on disposal of fixed assets	(305)	-
Investment management fees	(1,985)	(1,921)
Expenditure on charitable activities	(1,747,843)	(1,507)
Net income	<u>(182,377)</u>	<u>739,749</u>
Unrealised gains / (losses) on investments	12,045	(736)
Total funds brought forward	865,144	126,131
Total funds carried forward	<u>694,812</u>	<u>865,144</u>
Represented by:		
Unrestricted income funds	<u>694,812</u>	<u>865,144</u>

<b>4 Donations</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Transfer of net assets	-	-	-	626,197
Gift aided donations from subsidiary	-	-	-	113,720
	<u>-</u>	<u>-</u>	<u>-</u>	<u>739,917</u>

Net assets of £626,197 - including ownership of the issued share capital of Solace In Business Ltd - were transferred to the charity from Society of Local Authority Chief Executives and Senior Managers on 31 March 2016 as part of the going concern transfer of all business, trade, assets and liabilities of that entity.

Under the acquisition method of accounting the results of subsidiaries are included only from the date of acquisition. On that basis, the consolidated financial statements for the year ended 31 March 2016 did not include any incoming resources or expenditure for Solace In Business Ltd but, rather, did recognise the donation of £113,720 by that company to the charity under Gift Aid.

<b>5 Income from charitable activities</b>	<b>Unrestricted £</b>	<b>Restricted £</b>	<b>Total Funds 2017 £</b>	<b>Total Funds 2016 £</b>
Education and training	931,307	-	931,307	-
Membership activities	379,898	-	379,898	-
	<u>1,311,205</u>	<u>-</u>	<u>1,311,205</u>	<u>-</u>

**6 Income from commercial trading operations**

The charity has one wholly owned trading subsidiary, Solace In Business Ltd (note 15), which is incorporated in England and Wales and provides recruitment services to the public sector. A proportion of the subsidiary's profits are donated to the charity under Gift Aid.

Under the acquisition method of accounting the results of subsidiaries are included only from the date of acquisition. As a result, the consolidated financial statements for the year ended 31 March 2016 did not include any incoming resources or expenditure for the subsidiary company, Solace In Business Ltd, other than profits donated by that company to the charity under Gift Aid.

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

**Notes to the Consolidated Financial Statements (continued)**  
**for the year ended**  
**31 March 2017**

**6 Income from commercial trading operations (cont'd)**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Turnover	4,260,094	4,819,263
Cost of sales and administration costs	(3,947,541)	(4,541,826)
Interest receivable	252	250
Net profit	312,805	277,687
Amount gift aided to the charity	253,739	113,720
Retained in subsidiary	59,066	163,967
The assets and liabilities of the subsidiary were:		
Fixed assets	8,714	18,894
Current assets	1,419,011	1,500,735
Current liabilities	(1,091,454)	(1,242,424)
Total net assets	336,271	277,205
Aggregate share capital and reserves	336,271	277,205

<b>7 Investment income</b>	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>2017</b>	<b>2016</b>
			<b>£</b>	<b>£</b>
Dividends	2,625	-	2,625	3,254
Bank interest	439	-	439	6
	3,064	-	3,064	3,260

<b>8 Other income</b>	<b>Total</b>	<b>Total</b>
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Gain on consolidation of transferred subsidiary	-	215,171

The gain arising on consolidation results from the charity being gifted ownership of Solace In Business Ltd for £nil consideration on 31 March 2016.

<b>9 Investment management costs</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Portfolio management	1,985	1,921

<b>10 Staff costs and numbers</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Salaries	1,007,545	-
Social security costs	85,887	-
Pension costs	53,692	-
	1,147,124	-

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

	<b>Number</b>	<b>Number</b>
	<b>2017</b>	<b>2016</b>
Executive directors	3	-
Other staff	26	-
	29	-

**Notes to the Consolidated Financial Statements (continued)**  
**for the year ended**  
**31 March 2017**

<b>11 Expenditure on charitable activities</b>	<b>Education &amp; Training £</b>	<b>Membership Services £</b>	<b>Total 2017 £</b>
Governance costs (note 12)	53,789	53,790	107,579
Support costs (note 12)	285,153	252,302	537,455
Direct delivery	709,773	170,051	879,824
Central premises	22,790	20,928	43,718
IT support and consumables	13,420	13,465	26,885
Communications	5,450	2,549	7,999
Depreciation	3,923	3,923	7,846
Travel & subsistence	12,765	12,112	24,877
Irrecoverable VAT	-	30,601	30,601
Marketing	11,481	6,586	18,067
Bank interest and transaction charges	1,587	3,704	5,291
International relationships and support	-	5,018	5,018
Other costs	8,824	43,859	52,683
	<b>1,128,955</b>	<b>618,888</b>	<b>1,747,843</b>

Unrestricted expenditure on charitable activities amounted to £1,747,843 (2016:£1,507).

**12 Governance and support costs**

	<b>Basis of apportionment</b>	<b>Support costs £</b>	<b>Governance £</b>	<b>Total 2017 £</b>	<b>Total 2016 £</b>
Salaries and related costs	Staff roles and time allocation	532,354	86,537	618,891	-
Audit fee	Invoice description	-	5,955	5,955	1,500
Other professional and legal fees	Invoice description	5,101	12,126	17,227	-
Board running costs	Invoice description	-	2,961	2,961	-
Sundry expenses	Invoice description	-	-	-	7
		<b>537,455</b>	<b>107,579</b>	<b>645,034</b>	<b>1,507</b>

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

The key management personnel of the group and the parent charity comprise the Trustees and senior managers whose names are listed on page 5. Total remuneration and employee benefits for key management personnel amounted to £659,780 (2016: £nil) including pension contributions of £52,780 (2016:£nil). This includes three trustees (G McDonald, D Wood and T McDougall) who received remuneration relating to their contracts of employment with the charity or its subsidiary.

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

	<b>Group 2017</b>	<b>Group 2016</b>	<b>Charity 2017</b>	<b>Charity 2016</b>
Between £60,000 and £70,000	1	-	-	-
Between £70,000 and £80,000	2	-	1	-
Between £80,000 and £90,000	1	-	1	-
Between £100,000 and £110,000	1	-	1	-
Between £130,000 and £140,000	1	-	-	-

As indicated in note 6, these consolidated financial statements do not include any expenditure - including staff costs - for the subsidiary company for the year ended 31 March 2016 due to the date of acquisition.

**Notes to the Consolidated Financial Statements (continued)**  
**for the year ended**  
**31 March 2017**

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

During the year ended 31 March 2017 no trustee (2016: no trustee) received remuneration or benefits from the charity other than the stated executive directors (G McDonald, D Wood and T McDougall). During the year 5 non-executive trustees (2016: no trustee) were reimbursed expenses totalling £4,738 (2016: £nil). One trustee during the year (K Ryley) received payment from the subsidiary company, Solace In Business Ltd, for professional services supplied to that company during the year.

**14 Tangible fixed assets**

<b>Group</b>	<b>Improvements to short leasehold to property £</b>	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 April 2016	60,105	7,224	91,067	158,396
Disposals	-	-	(1,524)	(1,524)
At 31 March 2017	<u>60,105</u>	<u>7,224</u>	<u>89,543</u>	<u>156,872</u>
<b>Depreciation</b>				
At 1 April 2016	60,105	6,924	60,365	127,394
Charge for the year	-	300	17,705	18,005
Disposals	-	-	(1,219)	(1,219)
At 31 March 2017	<u>60,105</u>	<u>7,224</u>	<u>76,851</u>	<u>144,180</u>
<b>Net book value</b>				
At 31 March 2017	<u>-</u>	<u>-</u>	<u>12,692</u>	<u>12,692</u>
At 31 March 2016	<u>-</u>	<u>300</u>	<u>30,702</u>	<u>31,002</u>
<b>Charity</b>			<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 April 2016			12,127	12,127
Disposals			(1,524)	(1,524)
At 31 March 2017			<u>10,603</u>	<u>10,603</u>
<b>Depreciation</b>				
At 1 April 2016			-	-
Charge for the year			7,844	7,844
Disposals			(1,219)	(1,219)
At 31 March 2017			<u>6,625</u>	<u>6,625</u>
<b>Net book value</b>				
At 31 March 2017			<u>3,978</u>	<u>3,978</u>
At 31 March 2016			<u>12,127</u>	<u>12,127</u>

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

Notes to the Consolidated Financial Statements (continued)  
for the year ended  
31 March 2017

15 Investments	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Listed investments (managed portfolio)	122,420	109,735	122,420	109,735
Investment in subsidiaries	-	-	62,034	62,034
	<u>122,420</u>	<u>109,735</u>	<u>184,454</u>	<u>171,769</u>

Investment in subsidiaries

<b>Subsidiary company</b>	Solace In Business Ltd, registered in England & Wales (Company No. 3150254)		
<b>Nature of business</b>	Interim placement and executive recruitment		
<b>Number, class and percentage of shares held</b>	19 ordinary	(100%)	
<b>Net assets at 31 March 2017</b>	£336,271		

The activities and results of this subsidiary company are summarised in note 6.

<b>Subsidiary company</b>	SEL Business Services Limited, registered in England & Wales (Co. No. 8704424)		
<b>Nature of business</b>	Dormant		
<b>Number, class and percentage of shares held</b>	20 ordinary	(100%)	
<b>Net assets at 31 March 2017</b>	£20		

Listed investments (managed portfolio)	Total £
<b>Market value</b>	
At 1 April 2016	109,735
Additions	2,625
Revaluations	12,045
Management fees	(1,985)
Reclassification / transfer	-
At 31 March 2017	<u>122,420</u>
<b>Net book value</b>	
At 31 March 2017	<u>122,420</u>
At 31 March 2016	<u>109,735</u>

There are no investment assets outside the UK

16 Debtors	Group		Charity	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	1,102,860	1,044,948	249,927	247,888
Other debtors	-	-	-	-
Amounts owed by group undertakings	-	-	-	154,349
Prepayments and accrued income	59,319	277,681	279,064	153,612
	<u>1,162,179</u>	<u>1,322,629</u>	<u>528,991</u>	<u>555,849</u>

**Notes to the Consolidated Financial Statements (continued)**  
**for the year ended**  
**31 March 2017**

	<b>Group</b>		<b>Charity</b>	
<b>17 Creditors</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amounts falling due within 1 year:				
Trade creditors	560,249	596,534	144,581	199,613
Other creditors	142,688	10,020	137,301	4,668
Social security and other taxes	204,615	182,613	46,723	63,984
Amounts owed to group undertakings	-	-	26,865	-
Accruals and deferred income	488,097	789,669	229,329	336,234
	<b>1,395,649</b>	<b>1,578,836</b>	<b>584,799</b>	<b>604,499</b>

**18 Taxation**

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

**19 Operating leases**

As at 31 March 2017 commitments under non-cancellable operating leases were as follows:

	<b>Land &amp; Buildings</b>	<b>Other</b>	<b>Land &amp; Buildings</b>	<b>Other</b>
<b>Group</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Due within one year	45,184	-	44,248	-
Due within two to five years	68,092	-	52,000	-
Due over 5 years	39,000	-	52,000	-
	<b>152,276</b>	<b>-</b>	<b>148,248</b>	<b>-</b>

  

	<b>Land &amp; Buildings</b>	<b>Other</b>	<b>Land &amp; Buildings</b>	<b>Other</b>
<b>Charity</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Due within one year	32,184	-	31,248	-
Due within two to five years	16,092	-	-	-
Due over 5 years	-	-	-	-
	<b>48,276</b>	<b>-</b>	<b>31,248</b>	<b>-</b>

**20 Pensions schemes**

***Defined contribution pension scheme***

The charitable group operates a defined contribution pension scheme for the benefit of all employees. Contributions to the scheme for the year ended 31 March 2017 amounted to £53,692 (2016:£nil). This includes accrued contributions of £8,652 (2016:£10,020) included in other creditors (note 17).

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

**Notes to the Consolidated Financial Statements (continued)**  
**for the year ended**  
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<b>21 Funds</b>	<b>Balance at 1 April 2016 £</b>	<b>Net incoming Resources £</b>	<b>Balance at 31 March 2017 £</b>
<b>Unrestricted</b>			
General	766,076	(74,665)	691,411
Designated	314,239	(36,601)	277,638
	<u>1,080,315</u>	<u>(111,266)</u>	<u>969,049</u>

**Designated funds:**

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

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

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

**22 Analysis of Group net assets between funds**

<b>Funds balances at 31 March 2017 are represented by:</b>	<b>Unrestricted £</b>	<b>Designated £</b>	<b>Total £</b>
Tangible fixed assets	12,692	-	12,692
Investments	122,420	-	122,420
Current assets	1,951,948	277,638	2,229,586
Creditors: amounts falling due within 1 year	(1,395,649)	-	(1,395,649)
	<u>691,411</u>	<u>277,638</u>	<u>969,049</u>

**23 Related party transactions**

During the year ended 31 March 2017 the charity received a gift aid donation of 253,739 (2016: £113,720) from Solace In Business Ltd (note 6).

Net assets of £626,197 - including ownership of the issued share capital of Solace In Business Ltd - were transferred to the charity from Society of Local Authority Chief Executives and Senior Managers on 31 March 2016 as part of the going concern transfer of all business, trade, assets and liabilities of that entity. Society of Local Authority Chief Executives and Senior Managers is a related party by virtue of joint control and key management in common.