

Annual General Meeting

25th May 2023

FINANCIAL REPORT 2022/23

1. Financial Statement 2022/23

1.1 Please find below the Profit & Loss and Balance Sheet Accounts reporting the financial position for the period to 31st March 2023. These figures are currently being checked by an independent auditor to produce an Assurance Letter, in line with Companies House requirements.

1.2 Profit & Loss Account to 31st March 2023.

	Budget 2022/23	Actual 2022/23	Variance 2022/23
Income			
Special Honoraria's	424	371	(53)
Local Authorities	120,414	126,490	6,076
LEP & Combined Authorities	4,050	2,920	(1,130)
Corporate Partners	112,350	109,525	(2,825)
National Associations	14,080	14,080	-
Sub National Transport Bodies	4,300	4,300	-
National Traffic Managers Conference	11,500	13,500	2,000
Spring Conference	19,000	54,069	35,069
Autumn Conference	100,000	120,091	20,091
Past Presidents Lunch	0	1,235	1,235
Adverts	0	150	150
Leadership Development Programme	55,972	51,974	(3,998)
Green Finance training course	0	4,577	4,577
EiPL Membership	5,988	0	(5,988)
SMART Places / Live Labs 2	0	176,218	176,218
Rees Jeffreys Roads Fund	5,000	5,000	-
Navigating Transition training course	0	1,200	1,200
Misc	0	0	-
Proving Services / FHRG	26,250	27,750	1,500
Woodland Creation Accelerator Fund	0	36,521	36,521
Adaptation Pathways project	0	426	426
Interest	12	113	101
Total Income	479,340	750,510	271,170

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Expenditure			
Live Labs 1	0	9,539	9,539
Live Labs 2	0	166,679	166,679
Green Finance training course	0	1,697	1,697
EiPL Membership	3,000	0	(3,000)
National Traffic Managers Conference	8,000	7,799	(201)
Leadership Development Programme	30,000	29,658	(342)
Rees Jeffreys Road Fund	5,000	5,000	-
Navigating Transition training course	0	2,517	2,517
Woodland Creation Accelerator Fund	0	36,521	36,521
Adaptation Pathways project	0	426	426
Shared Intelligence review	0	18,632	18,632
CEO Salary	121,969	122,955	986
Support Officer	15,000	9,298	(5,702)
Policy Officer	50,000	65,526	15,526
Finance Officer	9,500	8,592	(908)
Staff Development	3,400	3,372	(28)
Board Exp - Sustainable Growth	1,500	0	(1,500)
Board Exp - Engineering	1,500	0	(1,500)
Board Exp - Environment	1,500	0	(1,500)
Board Exp - Leadership Team	1,500	0	(1,500)
Board Exp - Transport & Connectivity	1,500	158	(1,342)
Company Status Changes	0	623	623
President's Expenses	2,500	282	(2,218)
CEO Expenses	7,000	2,241	(4,759)
Computer & Software	600	120	(480)
Spring Conference	9,780	46,329	36,549
Autumn Conference	92,437	91,865	(572)
Highways Innovation Conference	0	0	-
Past Presidents Lunch	0	1,683	1,683
Communications & PR	55,000	62,330	7,330
Website	3,967	7,071	3,104
Audit	4,100	2,000	(2,100)
Tax and Insurance	900	1,131	231
Subscriptions	1,000	1,432	432
Legal Fees	0	818	818
Sundry	0	0	-
Design & Print	7,000	7,445	445
Postage	125	90	(35)
Total Expenditure	437,778	713,830	276,052
Net Surplus/(Deficit):	41,562	36,680	(4,882)

The overall position for the period to 31st March 2023 was a surplus of £36,680 against a budgeted surplus of £41,562.

Particular points to note are as follows:

Income

1.2 Overall, income was £271,170 above target. This is mainly due to increases in budget on a number of income streams, and some fluctuations with the different income streams which are also outlined below:

- Local authority membership income was above expected levels by £6,076 whilst take up of LEP and Combined Authority membership was reduced by £1,130. National Association memberships were on budget.
- One Corporate Partner declined to renew – Yotta (now Causeway). However, we have a waiting list so are confident we will fill this vacancy soon.
- The National Traffic Conference (Oct 2022) was held with sponsorship increased on budget by £2,000. When offset against the expenditure, it returned a surplus of £5,701.
- The Spring Conference (May 2022) was over budget on income by £35,069 and returned a surplus of £7,739. The Autumn Conference (November 2022) was over budget on income by £20,091 and returned a surplus of £28,225.
- Funding for the Live Labs programme was not budgeted as it included carried over income of £7,408 and in year funds of £350,000. Income has been matched against expenditure creating a total income in 2022/23 of £176,218; the remaining funds of £181,190 have been carried forward into next financial year.
- Income from the Leadership Development Programme (26 delegates) was under budget by £3,998 and returned a surplus of £22,316.
- Proving Partnership income was £1,500 over budget due to higher than budgeted take up of the Future Highways Research Group and VfM benchmarking services.
- We had budgeted for the ADEPT / Amey Excellence in Place (EiPL) programme to continue in 2023/24. However, following a review over summer/autumn 2022, we worked with the sponsor to restructure the offer. The new programme is non-chargeable, and we are therefore showing a budget pressure of £5,988.
- The Green Finance training day (Nov 2022) was not budgeted for and created an income of £4,577 and a returned a surplus of £2,880.
- The Navigating Transition training day (March 2023) was not budgeted for and created an income of £1,200 and returned a deficit of £1,316.
- There were three income streams which are net affect as the payment for the same value has been paid out:
 - Rees Jeffreys Road Fund (to fund the 'Value of Trees' project being led by Leicestershire County Council) - £5,000
 - Woodland Creation Accelerator Fund (for Defra & Forestry Commission) - £36,521
 - Adaptation Pathways project (for the Environment Agency) - £426
- A miscellaneous income of £1,486 which was for job advertising, the Past Presidents' Annual Lunch and interest.

Expenditure

1.3 Overall, expenditure was £276,052 over budget. Key items are summarised below:

- Research costs for the Live Labs programme (£176,218) was matched with income.
- The Leadership Development Programme costs of £29,658 were offset against the income, resulting in a net gain of £22,316 which was £3,656 less than budget.
- Costs for the National Traffic Managers Conference, Green Finance training day, Navigating Transition training day, Rees Jeffreys Road Fund, Woodland Creation Accelerator Fund and Adaptation Pathways project totalled £53,960.
- Salaries were overall higher than budget by £9,874 – Salary costs comprised CEO £986, Admin Support Officer (£5,702), Finance Officer (£908) and Policy Officer overspend £15,526 and staff development (£28). The policy officer overspend was for the ‘Levelling Up for People and Places’ project.
- There was an underspend of £8,937 on all Board expenditures. The overspend on Leadership Team expenses was for setting up the new company status. Further details are below:

Board Expenses – Sustainable Growth	(£1,500)
Board Expenses – Engineering	(£1,500)
Board Expenses – Environment	(£1,500)
Board Expenses - Leadership	(£1,500)
Board Expenses – Transport & Connectivity	(£1,500)
President’s Expenses	(£1,342)
Company Status	£623

- The Chief Executive Officer’s expenses were under budget by £4,759.
- Sundry expenses were overspent by £3,511. There were overspends within Design & Print £445, legal fees £818, subscriptions £432, Tax and Insurance £231 and audit fees £2,100 and underspends on software (£480) and postage (£35) as detailed below.

Accounts software	(£480)
Audit Fee	£2,100
Tax and Insurance	£231
Design & print	£445
Postage	(£35)
Subscriptions	£432
Legal Fees	£818

- The overall expenditure on events created a surplus compared to budget of £41,666, but showed a variance to budget as below:

Spring Conference	£36,549
Autumn Conference	(£572)
National Traffic Managers Conference	(£201)

- Communications & PR came in over budget by £7,330. This relates to a significant increase in media work and more political and policy related communications support and an increase in Coast Communications day rate from January 2023.
- Expenditure on the website was over budget by £3,104 due to some restructuring.
- The Shared Intelligence 'Member Perceptions 2023' report was £18,632 which had no budget.

Balance Sheet

1.4 The balance sheet shows a total reserve figure of £283,578 from retained surplus funds. Please see below the Balance Sheet as at 31st March 2023.

Balance Sheet as at 31st March 2023

Fixed Assets		
Presidents Chain	15,830	
Total Assets		15,830
Current Assets		
Debtors	(276,346)	
Bank	708,785	
VAT Liability	-	
Total		432,439
Total Assets		448,269
Current Liabilities		
Creditors	58,001	
Accruals	64,169	
VAT	42,521	
Tax	-	
Total		164,691
Current Assets less Current Liabilities		283,578
Total Assets less Current Liabilities		283,578
Capital & Reserves		
Reserves	246,898	
P & L Account	36,680	<u>283,578</u>

1.5 The balance sheet shows a healthy cash position as many authority and national association members have paid their 2023/24 subscription fees prior to year-end and therefore are sitting as an asset.

1.6 The balance sheet shows some assets which are President's Chain, the County Surveyors Society Golf Trophy and CSS Ladies Golf Cup which have recently been valued and added as assets.

2. Medium Term Financial Plan – 2023/24 to 2024/25

The current budget for 2023/24 shows that ADEPT is sustainable for the current period, as the accounts for 2022/23 show. Significant efforts have been made to retain income and reduce expenditure so the association can remain financially viable in the future.

The Medium-Term Financial Plan (MTFP) proposes to continue as in 2022/23 and achieve this through:

- Growing the membership. The target for 2023/24 is to recruit +3 authority members and to maintain the Corporate Partner target of 22. Membership as of 31st March 2023 was 92 authorities, 11 LEPs, 5 CAs, 4 STBs and 22 Corporate Partners. We have a membership retention rate of +95%. With a change in government policy, many LEPs are not renewing their membership. However, the annual membership fee was very modest (£225) so the financial impact is relatively minimal.
- Running national events which secure sponsorship. The Spring & Autumn Conferences are highlights of the ADEPT calendar – we had 200 delegates to the Autumn Conference in Leeds in November 2022 – and this year will be the 5th National Traffic Managers Conference. A sign of the times however is that nearly all our other events now take place online – which is cheaper, easier, greener but also less personal.
- Providing learning and development opportunities:
 - The Leadership Development Programme goes from strength to strength, and we are running three cohorts in 2023/24.
 - The *Excellence in Place Leadership* programme has been replaced by the PACE Programme and continues to be sponsored by Amey.
 - We successfully delivered a green finance training course in partnership with CIPFA and a navigating transition training course (both chargeable events). We are investigating additional learning opportunities e.g. political leadership and media training, action learning sets.
- Attracting sponsorship for other technical workshops, round table events, policy seminars, research projects, etc.
- Seeking external contributions to research activities and commissioning additional research activity to supplement the work undertaken by ADEPT's support staff through business cases to the Leadership Team.
- Successfully programme managing Live Labs 2, which is a three-year, £30m, UK wide programme focusing on decarbonising highways with an eight-year monitoring and evaluation programme.
- Supporting existing commercial partnerships (Proving Services, Defra / Forestry Commission, Environment Agency) whilst looking to establish new commercial partnerships to create additional income.



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- Seeking to provide value for money for all the Association's activities.
- Deploying the new Deputy CEO in support of these financial ambitions.

BUDGET 2023/24

	Budget 2022/23	Budget 2023/24
Income		
Special Honoraria's	424	424
Local Authorities	120,414	122,965
LEP & Combined Authorities	4,050	2,470
Corporate Partners	112,350	117,550
National Associations	14,080	14,080
Sub National Bodies	4,300	5,375
National Traffic Managers Conference	11,500	13,500
Spring Conference	19,000	54,069
Autumn Conference	100,000	100,000
Past Presidents Lunch	0	1,460
Adverts	0	0
Leadership Development Programme	55,972	55,972
Green Finance training course	0	2,400
EiPL Membership	5,988	0
Live Labs 2	0	400,000
Rees Jeffreys Road Fund	5,000	0
Navigating Change training course	0	1,800
Miscellaneous	0	0
Proving Services / FHRG	26,250	24,000
Woodland Creation Accelerator Fund	0	42,000
Adaptation Pathways project	0	48,574
Interest	12	12
Total Income	479,340	1,006,651
Expenditure		
Live Labs 1	0	0
Live Labs 2	0	400,000
Green Finance training course	0	1,376
EiPL Membership	3,000	0
National Traffic Managers Conference	8,000	9,822
Leadership Development Programme	30,000	30,000
Rees Jeffreys Road Fund	5,000	0
Proving Services / FHRG	0	0
Navigating Change training course	0	1,800
Woodland Creation Accelerator Fund	0	42,000

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Adaptation Pathways project	0	18,814
CEO Salary	121,969	128,000
Deputy CEO Salary	0	53,487
Support Officer	15,000	15,000
Policy Officer	50,000	60,000
Finance Officer	9,500	9,500
Staff Development	3,400	3,400
Board Exp – Sustainable Growth	1,500	1,500
Board Exp – Engineering	1,500	1,500
Board Exp – Environment	1,500	1,500
Board Exp - Leadership Team	1,500	1,500
Board Exp – Transport & Connectivity	1,500	1,500
Company Status Changes	0	2,000
President's Expenses	2,500	2,500
CEO Expenses	7,000	4,000
Computer & Software	600	800
Spring Conference	9,780	50,549
Autumn Conference	92,437	92,437
Highways Innovation Conference	0	0
Past Presidents Lunch	0	1,460
Communications & PR	55,000	70,000
Website	3,967	3,967
Audit	4,100	4,100
Tax and Insurance	900	1,200
Subscriptions	1,000	1,000
Legal Fees	0	0
Design & Print	7,000	7,000
Postage	125	125
Total Expenditure	437,778	1,021,837
Net Surplus/(Deficit):	41,562	-15,186

Summary

The budget for 2023/24 shows a deficit due to costs relating to new Deputy CEO. ADEPT continues to increase its membership by providing a valuable and professional service to all members. It is felt the increased income from membership subscriptions, events and sponsorship plus commercial partnerships whilst keeping costs to a minimum creates a solid strategy that will enable ADEPT to continue in the longer term and maintain the financial sustainability of the organisation.

June Meadows, Finance Officer and Hannah Bartram, Chief Executive Officer

May 2023