

Registration No. OC346845

LOCAL PARTNERSHIPS LLP
(Limited Liability Partnership)

Report and Financial Statements
for the year ended 31 March 2018



LOCAL PARTNERSHIPS
Limited Liability Partnership

REPORT AND FINANCIAL STATEMENTS 2018

CONTENTS	PAGE
DESIGNATED MEMBERS, BOARD, LEADERSHIP TEAM AND PROFESSIONAL ADVISORS	1
CHAIRMAN'S STATEMENT	2
MEMBERS' REPORT	3
STRATEGIC REPORT	4
REPORT OF THE REMUNERATION COMMITTEE	8
STATEMENT OF MEMBERS' RESPONSIBILITIES	10
INDEPENDENT AUDITOR'S REPORT	11
STATEMENT OF COMPREHENSIVE INCOME	13
BALANCE SHEET	14
RECONCILIATION OF MEMBERS' INTERESTS	15
STATEMENT OF CASH FLOWS	16
NOTES TO THE ACCOUNTS	17

LOCAL PARTNERSHIPS
Limited Liability Partnership

DESIGNATED MEMBERS, BOARD, LEADERSHIP TEAM AND PROFESSIONAL ADVISORS

BOARD

Sir David Wootton JP (Chairman)	Independent Non-Executive
Fred Maroudas (Deputy Chairman)	HMT appointee
Barry Quirk CBE	Senior Independent Non-Executive
Susan Johnson	Independent Non-Executive
Councilman Edward Lord OBE JP	LGA appointee (Resigned 30 th August 2017)
Cllr Kevin Bentley	LGA appointee
Cllr Graham Chapman	LGA appointee
Cllr David Sprason	LGA appointee (Resigned 31 st May 2017)
Stephen Dance	HMT appointee
Simon Ridley	HMT appointee
Philip Duffy	HMT appointee (appointed 1 st September 2017)
Cllr Chris Wells	LGA appointee (appointed 1 st August 2017)
Cllr Gerald Vernon-Jackson	LGA appointee (appointed 1 st August 2017)
Steve Davies	Welsh Government appointee (appointed 1 st August 2017)
Sean Hanson	Chief Executive
Claire Holloway	Corporate Secretary

LEADERSHIP TEAM

Sean Hanson	Chief Executive
Andrew Coleman	Deputy Chief Executive
James Lee	Director of Operations (resigned 30 th September 2017)
Stewart Rolls	Director of Operations (appointed 1 st October 2017)
Howel Jones	Corporate Director -Projects and Programmes
Clare Williams	Corporate Director -Strategy (appointed 20 th June 2017)
Caroline Hampden-White	Head of Marketing and Communications

REGISTERED OFFICE

18 Smith Square
London SW1P 3HZ

MEMBERS

The Commissioners of Her Majesty's Treasury
Local Government Association
The Welsh Ministers

BANKERS

Barclays
UK Banking
1 Churchill Place
London
E14 5HP

STATUTORY AUDITORS

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

LOCAL PARTNERSHIPS Limited Liability Partnership

CHAIRMAN'S STATEMENT

2017-18 was another good year for Local Partnerships despite turbulent times in the UK and globally. We have had three Ministers for Housing and another General Election, in June 2017. We also saw the effects of the tragic Grenfell Tower fire. Local Partnerships' main responsibility is to deliver expert support to the public sector that provides confidence, additional capacity and commercial capability, helping make best use of limited resources as demand for services continues to rise.

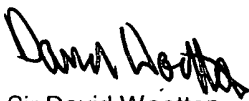
Local Partnerships will continue to deliver the well-regarded services that are familiar to our partners. Some highlights in this year included: very successful continuing work with the Police National Commercial Board, DEFRA and WIDP waste programmes and the Green Growth Wales Programme. We also delivered new projects across DCMS and a wide range of support to councils to help tackle the housing crisis.

From a financial perspective Local Partnerships remains in a robust position. We have continued to reduce our reliance on the revenue grant from the LGA and have diversified further into new areas of work. In 2017-18 Local Partnerships achieved a turnover of £10.3 million, a surplus of £0.9 million and we remain in a strong cash position with £5.5 million at 31 March 2018.

Local Partnerships has experienced substantial change during the year, the most significant of which has been the formalisation of our long-standing relationship with Welsh Government. We now have three owners rather than two.

The internal teams were also restructured in 2017-18 to allow for more long-term thinking and planning, with the creation of new Strategic Director roles. The 2018-19 business plan is, in the main, a product of these changes, with the generation of new business development plans alongside our continuing programmes.

As ever our work follows the priorities of our owners. Our principle challenges and focus for 2018-19 will be to deliver local economic productivity, income generation and resilience, particularly in the areas of energy, housing and commercial property. We will continue to build on the new strategies developed in 2017-18 and produce new and expanded programme areas and activities that will create new revenue opportunities for Local Partnerships.



Sir David Wootton
Chairman

LOCAL PARTNERSHIPS

Limited Liability Partnership

MEMBERS' REPORT

The members present their report and audited financial statements for the twelve month period to 31 March 2018. Local Partnerships LLP (the LLP) is jointly owned by HM Treasury (HMT), the Local Government Association (LGA) and the Welsh Government, following the admission of the Welsh Government as an additional member of Local Partnerships LLP on 22 January 2018.

The LLP was incorporated on 1 July 2009 and commenced trading on 1 August 2009. The business is run on a day-to-day basis by the leadership team and key aspects of the LLP's governance are set out in a Members Agreement dated 7 July 2009. As noted above this was subsequently revised and signed on 22 January 2018.

Financial Results

Local Partnerships LLP's 2017-18 financial position showed a surplus for the year of £0.9 million (2016/17 - £0.7 million) on revenues of £10.3 million (2016/17 - £9.2 million). A more detailed description of the activities undertaken during the period and their financial impact is provided in the Strategic Report.

Members' Capital and Profit Share

Members' interest in the LLP comprises contributions to the capital of the LLP and the rights that the members have in respect of Loan Stock issued by the LLP.

Capital

The capital requirements of the LLP are determined from time to time by the members based on proposals submitted by the Board. At present, the members of the LLP have contributed £1.6 million of capital (treated as equity) to the LLP.

At the beginning of the financial year the members owned £0.14 million of 6% unsecured convertible loan stock redeemable in 2029. In October 2017 a full repayment was made to clear all outstanding debt.

Subscriptions and Future Funding

The future funding of the LLP is governed by the provisions of its Business Plan and (to the extent not specified in the Business Plan) the split between Capital and Loan Stock funding is as agreed by the members. The business plan assumes no additional funding from members in 2018-19.

Profit Distributions and Reserves

The LLP's policy as at the 31 March 2018 is to maintain minimum cash balances and investments of £5 million. The distribution policy is to propose distributions to members or repayments of loan stock, where there are sufficient realised profits to preserve cash balances at or above this level.

Distribution by way of repayment of subscribed capital is not envisaged in the Members' Agreement other than in a situation of a voluntary termination of the Members' Agreement.

The liability of members is limited. No member shall have any losses of the LLP attributed to it and no such losses shall in any event become a debt due from a member.

Profit or loss allocations and any corresponding tax liability are the responsibility of the individual members.

Members' Interest

In the event of any winding-up or dissolution of the LLP (other than in circumstances of insolvency) the net assets of the LLP (or the proceeds of sale of such assets) shall be distributed to and shared between the Commissioners of Her Majesty's Treasury and the Local Government Association in two equal proportions.

On Behalf of the Members

LOCAL PARTNERSHIPS

Limited Liability Partnership

STRATEGIC REPORT

Background to Local Partnerships

Local Partnerships is jointly owned by HM Treasury, the Local Government Association and the Welsh Government. This ownership is critically important to the way we work and who we serve. We were created by the public sector to help delivery at the local level. Rather than treating our intellectual capital as proprietary we actively seek to disseminate lessons learned and provide knowledge transfer across the public sector. We deploy experienced individuals from a wide range of commercial disciplines and are able to provide skilled resources at a level it is often uneconomic for local public sector bodies to employ directly. In addition to our employees we use external consultants ('associates') to provide greater flexibility and responsiveness in our resourcing of assignments. We aim to cover our costs with our income, generating a surplus in line with Board expectations agreed in the annual business plan, whilst not seeking to maximise profit.

Business Review

Activity in the seven programme areas during 2017-18 has included:

Assurance

Local Partnerships continued to provide assurance through our National Assurance programme, delivering over 30 external reviews to local authorities and other public bodies. This included five major highways projects and three reviews of the implementation of a new emergency communication system for Police and Fire Services across Britain.

We also continued to support authorities through our Internal Assurance Toolkit (IAT) community, with Coast to Capital Local Enterprise Partnerships joining during the year. Two new interactive assurance products were launched on our website: Assurance Risk Assessment (ARA) and Delivery Capability Status (DCS) tools and new Project and Programme Management and Business Case capability training modules were designed and piloted with the Greater Birmingham and Solihull LEP to support their major infrastructure programme.

PFI/PPP

The programme area continued to provide support to public sector clients to resolve issues on their operational PFI contracts. During the year we supported six councils to refinance their PFI projects, generating total gains across the lifetime of the contract in excess of £11.5 million return to the public sector. We also continued to support councils and other public sector organisations to resolve issues on their PFI contracts, including identifying and implementing operational savings. We also aide Councils on issues that are affecting projects across the PFI sector, specifically relating to insurance, and provide training to PFI contract managers and public sector stakeholders.

Throughout the year the team provided support to the Welsh Government on the development of the 21st Century Schools Mutual Investment Model programme, and the new Welsh Government PPP model

Housing

Housing continues to be a key focus of activity for many Councils. In 2017-18, although there was less centrally-funded grant available from HCA / Homes England, there was a number of large commissions. These are particularly from Councils and Registered Providers pursuing housing growth, examples include Wirral, Bradford, Gloucester City Homes, and Welsh Government.

The housing team supported a large number of successful bids for Housing Infrastructure Fund support from central government. We also progressed healthchecks in Housing Zone areas, and four commissions from the Local Government Association, where we were appointed as Housing Advisers under their national programme.

LOCAL PARTNERSHIPS

Limited Liability Partnership

Re:Fit

The Re:fit programme is a procurement initiative for public sector organisations wishing to implement energy-efficiency and local energy generation measures across their premises and support services.

During 2017-18 we built our Re:fit programme so that we have agreements with at least 28 contracting organisations. Total annual energy savings for the public sector are in excess of £3 million per annum from projects delivered via Re:fit in England and supported by Local Partnerships.

Waste

The backbone of our waste service is delivered through two major programmes on behalf of DEFRA. The first is the Waste Infrastructure Delivery Programme (WIDP). This involves providing specialist expertise to Defra and councils to enable waste PFI/PPP contracts to be developed and managed effectively, whilst also ensuring Defra retains appropriate control of the grant payments supporting their programme.

The second is the Waste Operational Savings Programme (WOSP) which supports waste authorities to realise savings from existing PFI contracts.

During 2017-18 we undertook work directly for a number of authorities, incorporating operational savings, waste strategy and preparation for re-procurement, assistance with contractual disputes, and utilisation of energy from energy-from-waste facilities.

Wales

The final year of the Green Growth Wales (GGW) programme was very successful; supporting Welsh Government and the wider Welsh Public Sector in the development of a strong pipeline of significant wind and solar renewable energy projects. The team built a pipeline of 26 projects with a generation capacity of approximately 100MW and a capital value in the order of £90 million. The GGW outturn for Local Partnerships was in line with the forecast at approximately £1.7 million.

Universal

Over the year, 15 Universal projects accounted for £1.2 million of revenue. For DCMS, we supported the Local Full Fibre Networks programme which provides government funding to local authorities to stimulate commercial investment in fibre networks. Local Partnerships specifically helped DCMS launch and evaluate Wave 2, and 13 projects (~£95 million in projected value) were announced as part of the Spring Statement.

Local Partnerships continued to support the Police National Commercial Board's Commercial Collaboration programme which has been established to oversee the delivery of savings towards the Home Office target of £350 million. This programme includes collaborative procurement, shared services, the establishment of new commercial organisational models, revenue generation and the establishment of a commercial profession for the Police Service. We supported the development of business cases for: Birmingham City Council, Devon & Cornwall and Dorset Police and Torbay and broader strategic support was provided to a number of other Local Authorities.

LGA Grant

A blend of activities across the year has sought to meet our key aims in using our LGA Grant funding. We have helped councils save money through our work on PFI programmes, Regional Waste Studies and Re:fit and in so doing meet our overall £12 million savings target.

We have met our owners' priorities with work on local government shared services and housing and finally we have assisted in the development of new services/programmes with the aim of creating a pipeline of future revenue streams. Our projects on Local Energy and Social Housing fall in this category.

LOCAL PARTNERSHIPS

Limited Liability Partnership

STRATEGIC REPORT

Financial performance

In 2017-18 we generated turnover of £10.3m including £1m of LGA Grant (2016-17: £9.2m including £1.2m of LGA grant – formerly known as RSG), on which we made a net surplus after all operating and financing costs of £0.9m (2016-17: £0.7m). Net assets at year-end were £7.6m (2016-17: £7.1m) of which cash and equivalents represented £5.5m at year end (2016-17: £5.5m).

Turnover has increased by £1.1m between 2016-17 and 2017-18 despite a £0.2m reduction in LGA grant income, of which £0.6m was a recognised long term debtor for the WOSP project. External income, excluding this adjustment for comparison purposes, comprised 90% of total turnover in 2017-18 (2016-17: 87%).

The net surplus for the year has increased by £0.2m between 2016-17 and 2017-18, due to the £0.6m long term debtor adjustment. Without this figure the surplus for the year was £0.3m, a decrease of £0.4m on prior year due to restructure and internal investment plans.

Non-financial performance indicators

Senior management utilises a number of tools to track the performance of the business in addition to monthly reporting of financial information. Client outcomes are a priority for management and these are included in the evaluation of staff performance. We also undertake client surveys which are used for quality assurance purposes. Feedback on individuals' performance is reflected in their annual appraisals.

Principal Risks and uncertainties

We maintain a corporate risk register that is used both by the management team and the Board to record our approach to identifying and managing business risks. The principal risks facing Local Partnerships include:

- **financial sustainability:** a significant proportion of our income is generated from a relatively small number of organisations. Local Partnerships continues to mitigate this risk by closely monitoring income and cost trends and placing a high priority on business development and diversification of revenues streams.
- **recruitment and retention of staff and associates:** Local Partnerships is a people business and its reputation relies on the quality of staff and associates. Recruitment of new staff and associates is led by the management team and we have a dedicated budget for investment in development of existing staff. We also regularly undertake staff surveys to gauge staff sentiment and seeks to construct a cohesive and engaged workforce through all-staff meetings and an annual staff summit.
- **quality:** quality and relevance of work and advice is the key to Local Partnerships delivering its business plan outcomes. Local Partnerships seeks to mitigate against the risk of advice and work being sub-standard through an established quality assurance regime, including senior staff review of deliverables, a performance management regime, a regular client survey and senior liaison with key clients.

LOCAL PARTNERSHIPS

Limited Liability Partnership

STRATEGIC REPORT

Governance

The Members' Agreement and Governance Framework set out the terms of reference for the Board and its Committees. The Board has been delegated authority for the overall supervision of the business by the members including setting and oversight of the Business Plan. Approval for certain matters remain with the members.

The Board meets approximately every two months. In 2017/18, it met six times. The Board has delegated certain duties to the following Board Committees:

- the Audit Committee assists the Board in monitoring the Limited Liability Partnership's (LLP's) financial reporting, internal controls and risk management;
- the Remuneration Committee is responsible for determining, with the LLP Board, the remuneration of LLP's Chief Executive and Executive Board Members - in addition to a number of other duties;
- the Nominations Committee, leads the process for board appointments and senior executives of the partnership

In 2017/18, the Audit Committee held three meetings on:

- 27 July 2017
- 4 December 2017
- 28 March 2018

The Remuneration Committee and the Nominations Committee meetings take place as required.

The following table details the attendance record of each Board Member¹:

	Board	Audit Committee
Sir David Wootton (Chairman)	6/6	3/3
Fred Maroudas (Deputy Chairman)	6/6	3/3
Barry Quirk CBE	3/6	N/A
Susan Johnson	5/6	3/3
Councilman Edward Lord OBE JP	2/2	1/1
Cllr Kevin Bentley	2/6	0/1
Cllr Graham Chapman	4/6	2/3
Cllr David Sprason	1/1	N/A
Stephen Dance	6/6	1/3
Simon Ridley	3/6	N/A
Philip Duffy	0/4	N/A
Cllr Chris Wells	2/4	N/A
Cllr Gerald Vernon-Jackson	3/4	N/A
Steve Davies	4/4	N/A
Clare Holloway	5/6	3/3
Sean Hanson	6/6	3/3

1. Board meetings attended since joining and (where relevant) before departing LP

LOCAL PARTNERSHIPS
Limited Liability Partnership

REPORT OF THE REMUNERATION COMMITTEE

The Board's Remuneration Committee comprises: Sir David Wootton (Chairman), Kevin Bentley, Barry Quirk and Stephen Dance.

The remuneration policy of the LLP is a matter reserved to the LLP members. Under the governance framework agreed between the members, an Executive Remuneration Committee is responsible for determining, with the LLP Board, the remuneration of LLP's Chief Executive and Executive Board members. A separate Non-Executive Remuneration Committee is responsible for making recommendations to the members as to the remuneration of the Chairman and the Non-Executive Board. These arrangements are designed to ensure that no individual is responsible for decisions or recommendations on their own remuneration.

A number of the LLP's staff were previously employed by the LLP members or entities under the control of the members and the Transfer of Undertakings (Protection of Employees) Regulations apply in relation to the remuneration of these employees, where appropriate.

The table below sets out the salaries, pension contributions and other benefits received by the leadership team who served during the period under review:

	Salary (inc PRP)	Employer pension contribution	Other Contractual payments
		£	£
Sean Hanson	160,000	20,000	-
Andrew Coleman	121,414	15,172	20,837
James Lee (resigned 30 th September 2017)	63,646	7,956	-
Stewart Rolls (appointed 1 st October 2017)	55,000	6,875	-
Howel Jones	124,480	15,560	22,992
Clare Williams (appointed 20 th June 2017)	62,019	3,101	-
Caroline Hampden-White	65,702	8,213	-

LOCAL PARTNERSHIPS Limited Liability Partnership

Fees for non-executive members of the Board, which are not superannuable, are set by the LLP members in accordance with the Governance Framework. The fees received by each non-executive member of the Board during the period under review were:

	Fee £ 2018	Fee £ 2017
Sir David Wootton JP	20,000	20,000
Fred Maroudas	2,500	-
Barry Quirk CBE	10,000	10,000
Susan Johnson	10,000	10,000
Edward Lord OBE JP	3,333	10,000
Kevin Bentley	7,000	7,000
Graham Chapman	7,000	7,000
David Sprason	1,167	7,000
Stephen Dance	-	-
Simon Ridley	-	-
Philip Duffy	-	N/A
Chris Wells	4,667	N/A
Gerald Vernon-Jackson	4,667	N/A
Steve Davies	-	N/A

Note: N/A is noted when a board member was not in post

LOCAL PARTNERSHIPS

Limited Liability Partnership

STATEMENT OF MEMBERS' RESPONSIBILITIES

The members are responsible for preparing the Strategic Report and Members' Report and the Financial Statements in accordance with applicable law and regulations.

Company law as applied to limited liability partnerships requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law as applied to limited liability partnerships, the members 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 LLP and of the profit or loss of the LLP for that period. In preparing these Financial Statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 LLP will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP, and enable them to ensure that the Financial Statements comply with the Companies Act 2006 as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the LLP, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the LLP's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

LOCAL PARTNERSHIPS (Limited Liability Partnership)

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LOCAL PARTNERSHIPS LLP

Opinion

We have audited the financial statements of Local Partnerships LLP (the 'limited liability partnership') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Reconciliation of Members' Interests, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 March 2018 and of its profit 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Members' Report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**LOCAL PARTNERSHIPS
(Limited Liability Partnership)**

INDEPENDENT AUDITOR'S REPORT

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of members

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

1 Westferry Circus
Canary Wharf
London E14 4HD

Date: 25 September 2018

LOCAL PARTNERSHIPS
(Limited Liability Partnership)

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2018

	Note	2018 £000	2017 £000
Turnover	2	10,349	9,238
Operating Expenses			
Staff costs	4	(6,049)	(5,176)
Other operating expenses		(3,443)	(3,372)
OPERATING PROFIT		857	690
Interest receivable		15	23
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES FOR DISCRETIONARY DIVISION AMONG MEMBERS		872	713
Members' remuneration - interest on loan stock		(4)	(19)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		868	694

All activities are derived from continuing operations.

The accounting policies and notes on pages 17 to 23 form part of the Financial Statements.

LOCAL PARTNERSHIPS
(Limited Liability Partnership)

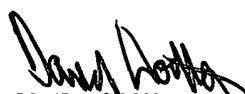
COMPANY NUMBER: OC346845

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £000	2017 £000
FIXED ASSETS			
Tangible Fixed Assets	7	110	38
CURRENT ASSETS			
Debtors	8	3,713	3,151
Short term Investments	10	5,507	5,522
Cash at bank and in hand		10	10
CURRENT ASSETS		<u>9,230</u>	<u>8,683</u>
CREDITORS: amounts falling due within one year	11	(1,757)	(1,656)
NET CURRENT ASSETS		<u>7,473</u>	<u>7,027</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,583	7,065
CREDITORS: amounts falling beyond one year	12	-	-
NET ASSETS ATTRIBUTABLE TO MEMBERS		<u>7,583</u>	<u>7,065</u>
REPRESENTED BY:			
Loans and other debts due to members after more than one year			
Members' capital classified as a liability (loan stock)	12	-	140
Members' other interests			
Members' capital classified as equity		1,600	1,600
Members' other interests – retained profits		5,983	5,325
		<u>7,583</u>	<u>7,065</u>
Total Members' Interests			
Loans and other debts due to members		-	140
Members' other interests		7,583	6,925
		<u>7,583</u>	<u>7,065</u>

These financial statements were approved by the Board on 25 July 2018

Signed on behalf of the Board by


Sir David Wootton
Chairman

The accounting policies and notes on pages 17 to 23 form part of the Financial Statements.

LOCAL PARTNERSHIPS
(Limited Liability Partnership)

RECONCILIATION OF MEMBERS' INTERESTS
YEAR ENDED 31 MARCH 2018

	Equity			Debt			Total
	Members other interests			Loans and other debts due to members less any amounts due from members in debtors			members' interests
	Members Capital (Classified as equity)	Other Reserves	Total	Members Capital (Classified as debt)	Other Amounts	Total	Total
	£000	£000	£000	£000	£000	£000	£000
Amounts due to members							
Balance at 1 April 2016	1,600	4,631	6,231	400	-	400	6,631
Members' remuneration charged as an expense, (Loan Stock Interest)	-	-	-	-	19	19	19
Profit for the financial year available for discretionary division among members	-	694	694	-	-	-	694
Repayments of long-term borrowings				(260)		(260)	(260)
Members' interests after profit for the year	1,600	5,325	6,925	140	19	159	7,084
Members' drawings	-	-	-	-	-	-	-
Other Movements	-	-	-	-	14	14	14
Amounts due to members	-	-	-	-	(33)	(33)	(33)
Balance at 31 March 2017	1,600	5,325	6,925	140	-	140	7,065
Amounts due to members							
Balance at 1 April 2017	1,600	5,325	6,925	140	-	140	7,065
Members' remuneration charged as an expense, (Loan Stock Interest)	-	-	-	-	4	4	4
Profit for the financial year available for discretionary division among members	-	868	868	-	-	-	868
Repayments of long-term borrowings	-	-	-	(140)	-	(140)	(140)
Members' interests after profit for the year	1,600	6,193	7,793	-	4	4	7,797
Members' drawings	-	-	-	-	-	-	-
Other Movements	-	-	-	-	(166)	(166)	(166)
Amounts due to members	-	-	-	-	(48)	(48)	(48)
Balance at 31 March 2018	1,600	6,193	7,793	-	(210)	(210)	7,583

**LOCAL PARTNERSHIPS
(Limited Liability Partnership)**

**STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2018**

	Note	2018 £000	2017 £000
Net cash inflow from operating activities			
Surplus		868	694
Adjustments for:			
Investment Income		(15)	(23)
Depreciation		33	11
Interest expense		4	19
Increase in debtors		(562)	(376)
Increase/ (decrease) in creditors		101	465
Cash generated from operations		<u>429</u>	<u>790</u>
Interest paid		(4)	(19)
Net cash generated from operating activities		<u>425</u>	<u>771</u>
Cash flow from investing activities			
Purchases		(105)	(19)
Interest received		15	23
		<u>(90)</u>	<u>4</u>
Cash flow from financing activities from members			
Repayments of borrowings		(140)	(2,960)
Dividends Paid		(210)	-
		<u>(350)</u>	<u>(2,960)</u>
Net Decrease in cash and short term investments	9	(15)	(2,185)
Cash and cash equivalents at the start of the year		5,532	7,717
Cash and cash equivalents at the end of the year		<u><u>5,517</u></u>	<u><u>5,532</u></u>

The accounting policies and notes on pages 17 to 23 form part of the Financial Statements.

LOCAL PARTNERSHIPS

(Limited Liability Partnership)

NOTES TO THE ACCOUNTS

Year Ended 31 March 2018

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention in accordance with United Kingdom Generally Accepted Accounting Principles (Financial Reporting Standard 102 or FRS 102) and the Statement of Recommended Practice, 'Accounting by Limited Liability Partnerships', issued in September 2015.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are held at historical cost, net of depreciation. The expected useful lives of the principal categories are:

ICT Equipment	3 years
Fixtures and Fittings	3 years

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Government Grants

Grants are recognised in the Statement of Comprehensive Income when the conditions for receipt have been complied with. Deferred grant income at the year-end is included in creditors.

Income

Income represents the amount receivable as grants, subscriptions and for goods sold and services provided (excluding Value Added Tax). Revenue is recognised on an accruals basis in accordance with the relevant standard. Note 2 gives further analysis of income.

Subsidiaries

Subsidiary investments are carried at the lower of cost or net asset value.

Pensions and Post Retirement Benefit Schemes

The pension cost charged to the statement of comprehensive income represents the contributions payable by the Limited Liability Partnership under the rules of the Defined Contributions Schemes.

Taxation

The taxation payable on the profits of the LLP is the liability of the members during the period and consequently neither taxation nor related deferred taxation are accounted for in the financial statements.

Debtors

Short term debtors are measured at transaction price less any impairment. Long term debtors are discounted where the impact is material

Expenditure

Liabilities are recognised as expenditure as soon as: there is a legal or constructive obligation committing the LLP to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis.

**LOCAL PARTNERSHIPS
(Limited Liability Partnership)**

**NOTES TO THE ACCOUNTS
Year Ended 31 March 2018**

2. TURNOVER

	2018 £000	2017 £000
Government grants	2,817	2,976
Services recharged	6,532	5,056
Other Income	1,000	1,206
	<u>10,349</u>	<u>9,238</u>

3. NON-EXECUTIVE BOARD MEMBERS' EMOLUMENTS

The Non-Executive Board members received emoluments during the year in respect of their services to the partnership as follows.

	2018 £000	2017 £000
Total emoluments	70	73
Emolument of the chairman (highest paid non-Executive Board Member)	20	20

No Non Executive Board Member is a member of the pension scheme, nor did any Board Member receive assets or money under any long term incentive scheme.

4. STAFF INFORMATION

Staff information for the partnership is as follows:

	2018	2017
	No.	No.
Average number of employees	52	53
	<u>£000</u>	<u>£000</u>
Staff Costs		
Wages and salaries	4,426	3,939
Social security costs	545	481
Pension costs (Note 5)	504	450
	<u>5,475</u>	<u>4,870</u>
Staff Related Costs		
Agency, freelance and secondment costs	49	88
Travel, subsistence and staff expenses*	331	136
Training costs	78	29
Other personnel costs	116	54
	<u>574</u>	<u>307</u>

*Note: "Rail and tube – staff expenses" and "Mileage Allowance" have been reclassified in the year as Staff costs rather than Other operating expenses.

Details of the remuneration of the LLP's senior employees in 2017-18 are given in the Remuneration Committee Report.

LOCAL PARTNERSHIPS
(Limited Liability Partnership)

NOTES TO THE ACCOUNTS
Year Ended 31 March 2018

The numbers of the LLP's other staff receiving remuneration of £50,000 or more at 31 March 2018 were as follows:

	2018		2017	
	Salaries + Redundancy Costs	Salaries Only	Salaries + Redundancy Costs	Salaries Only
£50,000 - £54,999	-	-	2	2
£55,000 - £59,999	-	-	-	-
£60,000 - £64,999	4	4	4	4
£65,000 - £69,999	2	2	-	-
£70,000 - £74,999	1	1	-	-
£75,000 - £79,999	5	5	5	5
£80,000 - £84,999	5	5	8	8
£85,000 - £89,999	2	2	5	5
£90,000 - £94,999	13	13	7	7
£95,000 - £99,999	5	5	3	3
£100,000 - £104,999	-	-	-	-
Above £105,000	7	7	6	6

5. PENSIONS

The Limited Liability Partnership operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Limited Liability Partnership and amounted to £503,800 (2016/17 - £450,100).

6. OPERATING SURPLUS

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Operating surplus is after charging:		
Depreciation	33	11
Auditors' remuneration - audit fee	15	15

LOCAL PARTNERSHIPS
(Limited Liability Partnership)

NOTES TO THE ACCOUNTS
Year Ended 31 March 2018

7. FIXED ASSETS

	ICT	Fixtures and Fittings	Total
			£000
Cost			
At 1 April 2017	54	-	54
Additions	-	105	105
At 31 March 2018	<u>54</u>	<u>105</u>	<u>159</u>
Depreciation			
At 1 April 2017	(16)	-	(16)
Charge for year	(18)	(15)	(33)
At 31 March 2018	<u>(34)</u>	<u>(15)</u>	<u>(49)</u>
Net book value			
At 31 March 2018	<u>20</u>	<u>90</u>	<u>110</u>
At 31 March 2017	<u>38</u>	<u>-</u>	<u>38</u>

8. DEBTORS

	2018 £000	2017 £000
Trade debtors	2,379	2,115
Long term debtors	544	0
Due from related companies	0	3
Other debtors	6	9
Prepayments and accrued income	784	1,024
	<u>3,713</u>	<u>3,151</u>

Where the impact of long term debtors is material it is discounted.

The long term debtor balance in the year is the adjustment for the Waste Operational Savings Programme.

9. CASH AND EQUIVALENTS

	2018 £000	2017 £000
Cash at bank and in hand	10	10
Short Term Investments	5,507	5,523
	<u>5,517</u>	<u>5,533</u>

**LOCAL PARTNERSHIPS
(Limited Liability Partnership)**

**NOTES TO THE ACCOUNTS
Year Ended 31 March 2018**

10. SHORT TERM INVESTMENTS

Surplus cash balances held by the Company are pooled and with the Local Government Association, the companies it controls and other related parties and lent to financial institutions on the Association's approved counterparty list. Investments are typically for periods not exceeding twelve months and as such the loan amount is a reasonable assessment of fair value. The counterparty list is currently restricted to UK or Non UK counterparties within agreed credit ratings and subject to the cash limits (per counterparty) as shown in the Investment Strategy. The Investment Strategy strictly applies credit limits for all of the above 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 Company does not expect any losses on short term investments. The Association's Investment Strategy strictly applies credit limits for all financial institutions on the approved counterparty list to ensure that investments are diversified. No credit limits were exceeded during the year and the LGA does not expect any losses on short term investments.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £000	2017 £000
Trade creditors	19	81
Owed to related parties	220	55
Other taxes and social security	595	585
Accruals and deferred income	923	935
	<u>1,757</u>	<u>1,656</u>

12. 6% CONVERTIBLE LOAN STOCK

	2018 £000	2017 £000
Convertible Unsecured Loan Stock due 2029	-	140
	<u>-</u>	<u>140</u>

The conditions attached to the loan stock were:

- The aggregate principal amount of stock that may be issued is limited to £10,000,000.
- The stock can be redeemed by the LLP upon giving 30 days notice to the stockholders.
- Loan stock may be converted to capital at the request of stockholders. Conversion of stock to capital will be on a £1 to £1 basis and loan stock owned by each member is converted in equal amounts so that members' respective capital contributions and stock subscriptions bear the same proportions before and after such conversion rights are exercised.
- The passing of a winding up order, or the appointment of a receiver or administrator shall constitute an Event of Default. At any time on or after such occurrence a stockholder may deliver a stock certificate to the LLP for immediate redemption together with payment of capitalised and accrued interest.
- The Stock constitutes direct, general and unconditional obligations of the LLP which rank pari passu among themselves and at all times rank at least pari passu with all other present and future unsecured obligations of the LLP, except for those obligations as may be preferred by law.

LOCAL PARTNERSHIPS
(Limited Liability Partnership)

NOTES TO THE ACCOUNTS
Year Ended 31 March 2018

13. CONTROLLING ENTITY

The controlling entities from 1 April 2017 to 31 March 2018 to which this Report and Financial Statements refer to are the Local Government Association whose registered office is 18 Smith Square, London, SW1P 3HZ, Her Majesty's Treasury, whose registered office is 1 Horse Guards Road, London, SW1A 2HQ and the Welsh Government, whose registered office is Cathys Park, Cardiff, CF10 3NQ.

4ps (Registration Number 3130162) is 100% owned by Local Partnerships LLP. However, control is maintained by the Local Government Association by virtue of it having the right to appoint the majority of its Board Members. As a result 4ps has not been consolidated with the results of Local Partnerships LLP.

14. RELATED PARTIES

The LLP had the following transactions with related parties:

	Value of related party transactions in year 2018 exp / (inc) £000	Outstanding balance at 31 March 2018 dr / (cr) £000	Value of related party transactions in year 2017 exp / (inc) £000	Outstanding balance at 31 March 2017 dr / (cr) £000
Local Government Association (LGA)	606	(48)	893	(42)
Improvement and Development Agency for Local Government (IDeA)	(1,113)	(11)	(1,512)	(5)
HM Treasury	(73)	-	40	-
LGMB	58	(6)	(5)	(5)
Local Government Properties (LGP)	154	(154)	-	(2)
Welsh Government	(1,044)	11	N/A	N/A

The transactions with the LGA include shared service costs and other day to day activity recharges.

**LOCAL PARTNERSHIPS
(Limited Liability Partnership)**

**NOTES TO THE ACCOUNTS
Year Ended 31 March 2018**

15. PARTNERSHIP STATUS

The partnership is a limited liability partnership incorporated in the UK and has no share capital. In the event of a winding up of the partnership, the Commissioners of Her Majesty's Treasury and the Local Government Association will both contribute towards the liabilities is an equal share.

16. WINDING UP

In the event of winding up of the LLP, each member shall (notwithstanding any other provision of this Agreement but subject to provision of the Insolvency Act) be liable to contribute to the assets of the LLP the sum of £10 only.

In the event of any winding up or dissolution of the LLP, the net assets of the LLP shall be distributed to and shared between the Commissioners of Her Majesty's Treasury and the Local Government Association in two equal proportions.

17. PROFITS AND DISTRIBUTIONS

Under the terms of the agreed reserves and dividend policy the LLP shall distribute at least 50% of available profits to the members (unless otherwise determined by the members) providing any such distribution will not reduce cash balances below an amount of £5,000,000. No member shall have any losses of LLP attributed to it and no such losses shall in any event become a debt due from a member.

18. POST BALANCE SHEET EVENTS

There were no other post balance sheet events.

19. COMMITMENTS UNDER OPERATING LEASES

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2018	2017
	£000	£000
Within one year	82	37
Between two and five years	130	-
	<u>212</u>	<u>37</u>