

Registration No. OC346845

LOCAL PARTNERSHIPS LLP
(Limited Liability Partnership)

Report and Financial Statements
for the year ended 31 March 2019

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**LOCAL PARTNERSHIPS
(Limited Liability Partnership)**

REPORT AND FINANCIAL STATEMENTS 2019

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LOCAL PARTNERSHIPS
(Limited Liability Partnership)

DESIGNATED MEMBERS, BOARD, LEADERSHIP TEAM AND PROFESSIONAL ADVISORS

BOARD

Sir David Wootton JP (Chair)	Independent Non-Executive
Fred Maroudas (Deputy Chair)	HMT appointee (resigned 31/12/2018)
Barry Quirk CBE	Senior Independent Non-Executive
Susan Johnson	Independent Non-Executive
Cllr Kevin Bentley	LGA appointee
Cllr Graham Chapman	LGA appointee
Stephen Dance	HMT appointee
Simon Ridley	HMT appointee
Philip Duffy	HMT appointee
Cllr Chris Wells	LGA appointee (resigned 30/09/2018)
Cllr Tony Saffell	LGA appointee (appointed 01/11/2018)
Cllr Gerald Vernon-Jackson	LGA appointee
Steve Davies	Welsh Government appointee
Sean Hanson	Chief Executive
Claire Holloway	Corporate Secretary

LEADERSHIP TEAM

Sean Hanson	Chief Executive
Andrew Coleman	Deputy Chief Executive (resigned 12/06/2018)
Stewart Rolls	Director of Operations (resigned 06/04/2019)
Howel Jones	Corporate Director - Projects and Programmes
Clare Williams	Corporate Director - Strategy (resigned 31/05/2018)
Caroline Hampden-White	Head of Marketing and Communications
Rosie Pearson	Corporate Director – Business Development (appointed 01/09/2018)

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)

CHAIR'S STATEMENT

Local Partnerships was founded in 2009 by the Local Government Association and HM Treasury. In 2017 the Welsh Government also acquired a stake in Local Partnerships. Our purpose has always been to support the public sector, providing capacity and capability where it is needed.

As a wholly-owned public sector organisation, our work is driven by the priorities of our owners. We help public sector organisations face the ever-increasing challenge of meeting rising demands for services with shrinking budgets.

2018-19 has been a very busy year for Local Partnerships. Some highlights included: committing to another three years of support to DEFRA through the Waste Infrastructure Delivery Programme and Waste Operational Savings Programme as well as securing £14m in savings from ongoing operational waste contracts. We helped councils prepare for Housing Infrastructure Fund bids of over £200m. We supported green energy projects resulting in the reduction of 113,000 tonnes of CO₂ being released into the atmosphere. We also continued our work with the Police National Commercial Board, helping them surpass their £350m collaborative procurement savings target by over £30m.

From a financial perspective Local Partnerships remains strong, continuing to reduce our reliance on the revenue grant from the LGA and diversifying further into new areas of work. In 2018-19 Local Partnerships achieved a turnover of £10 million, a surplus of £0.7 million, and we remain in a strong cash position with £6.1 million at 31 March 2019.

1 July 2019 marks the tenth anniversary of Local Partnerships' incorporation. We are very proud of the successes we have helped our clients achieve over the last ten years. As we look forward to the next decade, we remain dedicated to helping local and national government, and other public sector organisations, deliver services even more efficiently and effectively.


Sir David Wootton
Chair

**LOCAL PARTNERSHIPS
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MEMBERS' REPORT

The members present their report and audited financial statements for the twelve-month period to 31 March 2019. Local Partnerships LLP (the LLP) is jointly owned by HM Treasury (HMT), the Local Government Association (LGA) and the Welsh Government.

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. This was subsequently revised and signed on 22 January 2018.

Financial Results

Local Partnerships LLP's 2018-19 financial position showed a surplus for the year of £0.7 million (2017/18 - £0.9 million) on revenues of £10.0 million (2017/18 - £10.3 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.

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 2019-20.

Profit Distributions and Reserves

The LLP's policy as at the 31 March 2019 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.

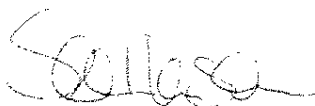
Distribution by way of repayment of subscribed capital is not envisaged in the Members' Agreement other than in a situation of a voluntary termination of the Members' Agreement.

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 was formed to facilitate and deliver efficiencies, in true partnership, between Her Majesty's Government and local government, represented by the Local Government Association and its constituent members in England and Wales. Working closely with our other joint venture partner, the Welsh Government, we also provide support to a devolved administration which has ambition and aspirations to improve the lives of millions through the delivery of infrastructure and critical services.

We actively seek to disseminate lessons learned in the course of our work and provide knowledge transfer across the public sector. We deploy experienced individuals from a wide range of commercial disciplines and 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 associates to provide greater flexibility and responsiveness in our resourcing of assignments. Our Board requires us to generate income to cover our costs and a small surplus, as agreed in the annual business plan, whilst not seeking to maximise profit.

Business Review

Activity highlights in the individual programme areas during 2018-19 has included:

Air Quality

This newly created programme has seen Local Partnerships working with Defra and DfT's Joint Air Quality Unit (JAQU) on its national programme to reduce levels of nitrogen dioxide in 33 local authority areas across England. The affected local authorities are developing plans to reduce the most polluting traffic, encouraging people to walk, cycle, take public transport and accelerate the uptake of cleaner forms of transport – such as electric vehicles.

We supported Leeds and Birmingham to achieve approval by JAQU for their final business cases and the associated applications. Leeds and Birmingham are implementing their schemes which will go live in January 2020, improving the air quality in those cities.

Assurance

The focus of assurance this year centred around two main areas; infrastructure and housing. We undertook reviews of nine major highway schemes delivered by local authorities in England with a combined value of over £550 million. We also reviewed plans for the delivery of a £60 million scheme for new sport facilities for the upcoming Commonwealth Games.

We undertook reviews of six housing programmes which will provide over 5,000 new homes. This included four Housing Zones, the London work programme of a national housing association and an assisted housing scheme.

We have also expanded our training offer to include workshop support for project owners. In 2018-19 we provided training to over 100 people to assist authorities build inhouse project management capability.

PFI/PPP

Local Partnerships continues to support central and local government in relation to issues on operational PFI projects and in the development of new projects. This includes resolving contractual and operational issues; settling disputes; identifying, negotiating and implementing savings; developing

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the commercial knowledge and skill set of the public sector and advising them through key contractual processes such as refinancing, benchmarking, market testing, contractual variations and termination.

During 2018-19 we worked in sectors including education, highways, street lighting, leisure, housing, police and health. Some highlights include supporting the first Welsh Government Mutual Investment Model (MIM) project to go into procurement, saving in excess of £12m through the refinancing of operational PFI projects, and supporting research into alternative forms of private investment in public sector infrastructure projects, through the Financing for Society project.

Housing

The Housing Programme has provided additional capability and delivery focused resources to over 40 councils and two combined authorities throughout the English regions and to the Government of Wales. We were an integral part of council teams preparing full business cases for Housing Infrastructure Fund (HIF) bids for capital awards amounting to £130 million in Bolton Wigan and £70 million in Lincolnshire.

We enabled Wirral Council to secure £6 million worth of funding from Central Government's Housing Infrastructure Fund. By addressing a viability gap in the scheme, this funding will enable the first phase of 1,106 new properties to be developed. Throughout 2018-19 we provided councils with rapid access to a housing development site financial appraisal service. 8 councils have been provided with industry credible viability assessments on 44 sites with the capacity to provide 13,495 new homes.

Re-fit

We worked with public sector organisations across England and Wales to support investments in a wide range of energy efficiency and renewable energy projects. The guaranteed energy performance of these projects is forecast to deliver reduced CO₂ emissions in excess of 6,000 tonnes per year and £7m in energy savings or income generation.

We also provided quality assurance to organisations accessing the Re:fit framework in Wales where we support the Welsh Government to deliver a programme of energy projects with capital investment estimated at £30m.

Waste

We supported Defra in the delivery of its Waste Infrastructure Delivery Programme that helped 26 authorities manage their operational waste PFI contracts and helped Defra support 40 waste authorities via its network groups, contract management reviews and contract management training.

During 2018-19 we helped our clients secure £14m of savings from ongoing operational waste contracts and have expanded our leading-edge operational savings work, supported by Defra, to include a new authority and are making good progress in identifying new opportunities while strengthening internal capacity

We also helped the Waste Infrastructure Procurement Programme in Wales deliver a network of anaerobic digestion plants that will produce estimated savings of over £500 million for the public sector in Wales over a 25-year period.

Welsh Government Energy Service

We supported the Welsh Government in its carbon reduction programme. We led on the Green Growth Wales initiative and took on the strategic engagement role in the Welsh Government Energy Service,

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resulting in the reduction of 113,000 tonnes of CO₂ being released into the atmosphere and financial savings or income of more than £60 million to the public sector.

Universal

We provided Project Management Office and wider strategic support to the Police National Commercial Board (NCB). Our work has contributed to surpassing the £350m target for collaborative procurement savings, delivering savings of £380.9m which equates to protection of more than 750 front line officers. In addition, we have worked on a full business case for the establishment of a new organisation which will provide national co-ordination of strategic commercial activities within policing. Our work within policing also widened to support planning for (no-deal) Brexit by developing a commercial impact assessment toolkit for forces.

We supported Cornwall Council in its successful business case for funding towards Europe's first horizontal launch Spaceport by reviewing the application and providing critical friend support.

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STRATEGIC REPORT

Financial performance

In 2018-19 we achieved a turnover of £10.0m including £0.9m of LGA Grant (2017-18: £10.3m including £1m of LGA grant). We made a net surplus after all operating and financing costs of £0.7m which equates to a 6.7% net margin (2017-18: £0.9m: 8.4%).

Net assets at year-end were £8.1m (2017-18: £7.6m) of which cash and equivalents represented £6.1m at year end (2017-18: £5.5m).

Turnover has decreased by £0.3m from 2017/18 which includes the £0.1m reduction in LGA grant income, and the additional £0.6m recognised as income in 2017-18 in respect of the WOSP project. External income therefore comprised 91% of total turnover in 2018-19 (2017-18: 85%).

The net surplus for the year has decreased by £0.2m between 2017-18 and 2018-19, due to the prior year's £0.55m long term debtor adjustment. Excluding this figure, the surplus for the year shows an increase of £0.4m on prior year, mostly attributed to operational savings.

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:

- **recruitment and retention of staff and associates:** Local Partnerships is a people business and its reputation relies on its staff and associates. The recruitment process is undergoing continuous improvement, incorporating the regularly updating procurement rules. We also regularly undertake staff surveys to gauge staff sentiment and seek 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.
- **financial sustainability:** our income is consistently generated from a relatively small number of organisations. Local Partnerships continues to mitigate this risk by closely monitoring income and cost trends

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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 shaping and oversight of the Business Plan. Approval for certain matters remain with the members.

The Board meets approximately every two months. In 2018-19, it met seven 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 LLP

In 2018-19, the Audit Committee held three meetings on:

- 25 July 2018
- 3 December 2018
- 27 March 2019

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 (Chair)	7/7	3/3
Fred Maroudas (resigned 31/12/2018)	4/5	1/2
Barry Quirk CBE	6/7	N/A
Susan Johnson	7/7	3/3
Cllr Kevin Bentley	4/7	2/3
Cllr Graham Chapman	5/7	2/3
Stephen Dance	6/7	1/3
Simon Ridley	4/7	N/A
Philip Duffy	1/7	N/A
Cllr Chris Wells (resigned 30/09/2018)	0/3	N/A
Cllr Gerald Vernon-Jackson	5/7	N/A
Cllr Tony Saffell (appointed 1/11/2018)	5/5	N/A
Steve Davies	4/7	N/A
Clare Holloway	6/7	3/3
Sean Hanson	7/7	3/3

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

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REPORT OF THE REMUNERATION COMMITTEE

The Board's Remuneration Committee comprises: Sir David Wootton (Chair), 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 Chair 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	160,017	20,000	-	-
Andrew Coleman (resigned 12/06/2018)	28,297	3,537	-	-
Howel Jones	127,200	15,900	-	-
Stewart Rolls (resigned 08/04/2019)	76,015	9,502	-	-
Rosie Pearson (appointed 01/09/2018)	114,017	14,252	-	-
Clare Williams (resigned 31/05/2018)	15,385	769	-	-
Caroline Hampden-White	66,334	8,292	-	-

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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 £ 2019	Fee £ 2018
Sir David Wootton JP	20,000	20,000
Fred Maroudas	7,500	2,500
Barry Quirk CBE	10,000	10,000
Susan Johnson	10,000	10,000
Edward Lord OBE JP	N/A	3,333
Kevin Bentley	7,000	7,000
Graham Chapman	7,000	7,000
David Sprason	N/A	1,167
Stephen Dance	-	-
Simon Ridley	-	-
Philip Duffy	-	-
Chris Wells	3,500	4,667
Gerald Vernon-Jackson	7,000	4,667
Steve Davies	-	-
Tony Saffell	3,500	N/A

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

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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.

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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 2019 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 2019 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.

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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 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.

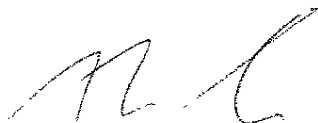
Auditor's responsibilities for the audit of the financial statements

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:

17 Oct 2011

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(Limited Liability Partnership)

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2019

	Note	2019 £000	2018 £000
Turnover	2	9,981	10,349
Operating Expenses			
Staff costs	4	(5,893)	(6,049)
Other operating expenses		(3,453)	(3,443)
OPERATING PROFIT		<u>635</u>	<u>857</u>
Interest receivable		31	15
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES FOR DISCRETIONARY DIVISION AMONG MEMBERS		<u>666</u>	<u>872</u>
Members' remuneration - interest on loan stock		-	(4)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>666</u>	<u>868</u>

All activities are derived from continuing operations.

The accounting policies and notes on pages 20 to 26 form part of the Financial Statements.

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COMPANY NUMBER: OC346845

**BALANCE SHEET
AS AT 31 MARCH 2019**

	Note	2019 £000	2018 £000
FIXED ASSETS			
Tangible Fixed Assets	7	87	110
CURRENT ASSETS			
Debtors	8	3,468	3,713
Short term investments	10	6,134	5,507
Cash at bank and in hand		10	10
CURRENT ASSETS		9,612	9,230
CREDITORS: amounts falling due within one year	11	(1,612)	(1,757)
NET CURRENT ASSETS		8,000	7,473
TOTAL ASSETS LESS CURRENT LIABILITIES		8,087	7,583
CREDITORS: amounts falling beyond one year	12	-	-
NET ASSETS ATTRIBUTABLE TO MEMBERS		8,087	7,583
REPRESENTED BY:			
Loans and other debts due to members after more than one year		-	-
Members' capital classified as a liability (loan stock)		-	-
Members' other interests			
Members' capital classified as equity		1,600	1,600
Members' other interests – retained profits		6,487	5,983
		8,087	7,583
Total Members' interests			
Loans and other debts due to members		-	-
Members' other interests		8,087	7,583
		8,087	7,583

These financial statements were approved by the Board on 26 July 2019

Signed on behalf of the Board by


Sir David Wootton
Chair

The accounting policies and notes on pages 20 to 26 form part of the Financial Statements.

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RECONCILIATION OF MEMBERS' INTERESTS
YEAR ENDED 31 MARCH 2019

	Equity			Debt			Total members' interests
	Members Capital (Classified as equity)	Other Reserves	Total	Members Capital (Classified as debt)	Other Amounts	Total	
	£000	£000	£000	£000	£000	£000	£000
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	44	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	-	-	-	-	(210)	(210)	(210)
Other Movements	-	-	-	-	44	44	(166)
Amounts due to members	-	-	-	-	(48)	(48)	(48)
Balance at 31 March 2018	1,600	6,193	7,793	-	(210)	(210)	7,583
Amounts due to members							
Balance at 1 April 2018	1,600	6,193	7,793	-	(210)	(210)	7,583
Members' remuneration charged as an expense, (Loan Stock Interest)	-	-	-	-	-	-	-
Profit for the financial year available for discretionary division among members	-	666	666	-	-	-	666
Repayments of long-term borrowings	-	-	-	-	-	-	-
Members' interests after profit for the year	1,600	6,859	8,459	-	(210)	(210)	8,249
Members' drawings	-	-	-	-	(162)	(162)	-
Other Movements	-	-	-	-	91	91	(71)
Amounts due to members	-	-	-	-	(91)	(91)	(91)
Balance at 31 March 2019	1,600	6,859	8,459	-	(372)	(372)	8,087

LOCAL PARTNERSHIPS
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STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2019

	Note	2019 £000	2018 £000
Net cash inflow from operating activities			
Surplus		666	868
Adjustments for:			
Investment Income		(31)	(15)
Depreciation		48	33
Interest expense		-	4
Decrease/(increase) in debtors		244	(562)
(Decrease)/Increase in creditors		(144)	101
Cash generated from operations		<u>783</u>	<u>429</u>
Interest paid		-	(4)
Net cash generated from operating activities		<u>783</u>	<u>425</u>
Cash flow from investing activities			
Purchases		(25)	(105)
Interest received		<u>31</u>	<u>15</u>
		6	(90)
Cash flow from financing activities from members			
Repayments of borrowings		-	(140)
Dividends Paid		<u>(162)</u>	<u>(210)</u>
		(162)	(350)
Net Decrease in cash and short term investments	9	627	(15)
Cash and cash equivalents at the start of the year		5,517	5,532
Cash and cash equivalents at the end of the year		<u><u>6,144</u></u>	<u><u>5,517</u></u>

The accounting policies and notes on pages 20 to 26 form part of the Financial Statements.

**LOCAL PARTNERSHIPS
(Limited Liability Partnership)**

**NOTES TO THE ACCOUNTS
Year Ended 31 March 2019**

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)

2. TURNOVER

	2019	2018
	£000	£000
Government grants		
Received from DEFRA for Waste Infrastructure Delivery Programme	748	605
Received from DEFRA for Air Quality Other Grants	748	23
Other Grants	479	2,189
Services recharged	7,106	6,532
Other Income	900	1,000
	9,981	10,349

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.	2019	2018
	£000	£000
Total emoluments	81	70
Emolument of the chair (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:

	2019	2018
	No.	No.
Average number of employees	55	52
	£000	£000
Staff Costs		
Wages and salaries	4,501	4,426
Social security costs	534	545
Pension costs (Note 5)	500	504
	5,535	5,475
Staff Related Costs		
Agency, freelance and secondment costs	58	49
Travel, subsistence and staff expenses*	326	331
Training costs	31	78
Other personnel costs	(57)	116
	358	574

Details of the remuneration of the LLP's senior employees in 2018-19 are given in the Remuneration Committee Report.

**LOCAL PARTNERSHIPS
(Limited Liability Partnership)**

The numbers of the LLP's other staff receiving remuneration of £50,000 or more at 31 March 2019 were as follows:

		2019		2018
	Salaries + Redundancy Costs	Salaries Only	Salaries + Redundancy Costs	Salaries Only
£50,000 - £54,999	-	-	-	-
£55,000 - £59,999	-	-	-	-
£60,000 - £64,999	1	1	4	4
£65,000 - £69,999	3	3	2	2
£70,000 - £74,999	-	-	1	1
£75,000 - £79,999	2	2	5	5
£80,000 - £84,999	8	8	5	5
£85,000 - £89,999	4	4	2	2
£90,000 - £94,999	7	7	13	13
£95,000 - £99,999	9	9	5	5
£100,000 - £104,999	2	2	-	-
Above £105,000	6	6	7	7

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 £499,679 (2018/19 - £503,800).

6. OPERATING SURPLUS

	Year ended 31 March 2019 £000	Year ended 31 March 2018 £000
Operating surplus is after charging:		
Depreciation	48	33
Auditors' remuneration - audit fee	15	15

LOCAL PARTNERSHIPS
(Limited Liability Partnership)

7. FIXED ASSETS

	ICT £000	Fixtures and Fittings £000	Total £000
Cost			
At 1 April 2018	54	105	159
Additions	25	-	25
At 31 March 2019	79	105	184
Depreciation			
At 1 April 2018	(34)	(15)	(49)
Charge for year	(13)	(35)	(48)
At 31 March 2019	(47)	(50)	(97)
Net book value			
At 31 March 2019	32	55	87
At 31 March 2018	20	90	110

8. DEBTORS

	2019 £000	2018 £000
Trade debtors	2,437	2,379
Long term debtors	526	544
Due from related companies	42	0
Other debtors	9	6
Prepayments and accrued income	454	784
	3,468	3,713

The long term debtor balance in the year is for the Waste Operational Savings Programme. Where the impact of long term debtors is material it is discounted.

9. CASH AND EQUIVALENTS

	2019 £000	2018 £000
Cash at bank and in hand	10	10
Short Term Investments	6,134	5,507
	6,144	5,517

LOCAL PARTNERSHIPS
(Limited Liability Partnership)

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

	2019	2018
	£000	£000
Trade creditors	41	19
Owed to related parties	91	220
Other taxes and social security	696	595
Accruals and deferred income	784	923
	<u>1,612</u>	<u>1,757</u>

12. CONTROLLING ENTITY

The controlling entities from 1 April 2018 to 31 March 2019 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.

LOCAL PARTNERSHIPS
(Limited Liability Partnership)

13. RELATED PARTIES

The LLP had the following transactions with related parties:

	Value of related party transactions in year 2019 exp / (inc) £000	Outstanding balance at 31 March 2019 dr / (cr) £000	Value of related party transactions in year 2018 exp / (inc) £000	Outstanding balance at 31 March 2018 dr / (cr) £000
Local Government Association (LGA)	528	(91)	606	(48)
Improvement and Development Agency for Local Government (IDeA)	(984)	42	(1,113)	(11)
HM Treasury	-	-	(73)	-
LGMB	-	-	58	(6)
Local Government Properties (LGP)	106	-	154	(154)
Welsh Government	(2,582)	201	(1,044)	11

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

14. 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 as an equal share.

15. 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.

LOCAL PARTNERSHIPS
(Limited Liability Partnership)

16. 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.

17. POST BALANCE SHEET EVENTS

There were no other post balance sheet events.

18. COMMITMENTS UNDER OPERATING LEASES

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

	2019	2018
	£000	£000
Within one year	82	82
Between two and five years	48	130
	<u>130</u>	<u>212</u>