



Local Partnerships is jointly owned by



Local Partnerships

Report on Annual Performance

2016 - 2017

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1 INTRODUCTION

1.1 Background

Local Partnerships (LP) is jointly owned by the LGA and the Treasury and was set up to help the public sector deliver major projects and transformation at the local level. We support central and local government, health and other local bodies ensure their key priorities are delivered and clients secure value for money.

In line with our owners' priorities, our focus has been on responding to emerging LGA and government priorities including achieving savings for our clients, tackling the housing crisis, supporting the devolution agenda, and the integration of health and social care. Alongside this focus, we ensure LP is an effective, relevant, sustainable and financially viable organisation.

In 2016-17 Local Partnerships received a grant of £1.2million from the LGA's allocation of DCLG funding. For 2017-18 we have received a grant of £1 million.

1.2 The impact of Local Partnerships in 2016-17

We start with some indicators of the impact we have helped our clients achieve in the last year:



Infrastructure: Waste

1. We assisted in the identification of £28 million per year of savings from operational waste contracts
2. We reviewed waste PFI contracts for two councils, identifying an aggregate of £5 million per year savings
3. We reviewed the potential for savings and merger of waste collection and disposal functions for a city region. The savings identified amount to a minimum of £11 million and a maximum of £19 million per year. An additional review is currently ongoing for another city region with potential annual savings of £9 million to £13 million
4. We have undertaken a regional review of efficiencies in waste collection for the East of England which should identify savings in excess of £7 million per year



Infrastructure: Highways

5. We undertook a strategic review of the highways and environment services for a London Borough. Savings of between 5-10% of the current budget were identified
6. DfT has announced that Local Partnerships is to be the delivery partner for procurement and asset management for the Highways Management Efficiency Programme (HMEP)
7. We have undertaken four HMEP Reviews, providing technical expertise to the LGA which manages this process



Housing

8. We provided direct support to ten councils to accelerate the delivery of 30,000 new homes over the next ten years in housing zones
9. We developed and launched a Housing Delivery Toolkit which has been downloaded by over 100 authorities. We are currently working with four councils to set up delivery vehicles



Energy

10. We led the successful procurement of the Re:fit framework which will provide councils with easy access to energy performance contractors until 2020
11. The Re:fit programme has supported the delivery of annual CO₂ savings of over 18.5m kilowatt-hours (kWh) in over 1,400 buildings



Efficiency

12. Three refinancing projects closed (Kirklees, Blackpool and Salford), saving more than £5 million and we are currently supporting three more to close (Salford 2, Tameside and Barnsley)
13. We supported four councils to challenge benchmarking outcomes (Swindon, Birmingham, North Yorkshire and Barnsley)



Devolution and local government reorganisation

14. We completed work with the Greater Lincolnshire Combined Authority and Transport for Greater Manchester on assurance frameworks to monitor progress on their work programmes
15. We undertook an assurance review of the business case to merge two district councils
16. We completed our work with Dorset councils on financial modelling of unitary options which were critical to subsequent public consultations for new council structures
17. We prepared business cases for East Kent district councils on the potential merger of some or all of those authorities



Assurance

18. We reviewed and reported on four Highways programmes for Plymouth City Council that have helped the authority to improve the delivery of their outcomes
19. We piloted our new Delivery Capability Status toolkit with three councils. The free-to-use toolkit will help improve the effective delivery of strategic change outcomes and identification of appropriate action plans.
20. We delivered programme and project management training to nearly 200 staff at one council

21. We undertook an assurance review of four councils' plan to create an arm's length joint venture to deliver services



Wales

22. We supported the development and progression of more than 50 green energy projects and helped deliver annual savings of CO₂ emissions of about 12,000 tonnes across the Welsh public sector
23. We encouraged the growth of the Welsh public sector green energy project pipeline by about 30% to around 555 gigawatt-hours per annum (gWh/a)
24. Facilitated by the Infrastructure and Projects Authority (IPA), we played an integral role in establishing the Welsh Mutual Investment Model, underpinning the WG's PPP programme that will deliver £1 billion investment across schools, roads and hospitals in Wales

This is, by no means, an exhaustive list of our achievements in the year but it does give a powerful picture of our impact on the sector and our clients.

1.3 Objectives

Local Partnerships set out four main objectives in its Business Plan for 2016-2017:

- To ensure in our activities and services we meet the priorities of our owners, and their financial expectations of the organisation
- To continue to build new market offers in each of the six programme areas, which meet market needs and are sustainable To ensure Local Partnerships continues to deliver programmes and projects to the highest possible standards
- To continue to raise Local Partnerships' profile with stakeholders and clients

Our performance in meeting these objectives and our assessment of likely business activity for the year ahead gives us confidence we will continue to maintain and grow a sustainable organisation that can serve local government and the wider public sector well.

2 OUR FINANCIAL PERFORMANCE

The Board agreed a target turnover of £10.6 million and a surplus of £0.6m in the 2016-17 Business Plan. Fig 1, below, shows that although total income fell short of the target by £1.4m there was almost a comparable saving in cost, leading to a surplus of approximately £0.1m above budget.

Fig 1 – Financial performance 2016- 2017

Revenue Category	2016-17 Budget £'000	2016-17 Actual £'000	2015-16 Actual £'000
Grant	1,300	1,200	1,500
External Income	9,310	8,038	7,586
Total Income	10,610	9,238	9,086
Total Cost	10,010	8,544	8,565
Net Surplus	600	694	521

In line with policy, repayment of loan stock of £70k to each owner was made in September 2017, meaning our £2.3m loan stock of 2011 has now been fully re-paid. In addition to this a dividend of £105k was paid to each owner, making the total distribution at the year-end £350k.

3 MAINTAINING THE QUALITY OF OUR WORK AND CLIENT FEEDBACK



3.1 Local Partnerships' Client Survey

The quality of our work and resulting customer advocacy remains our most powerful marketing tool. During the course of the year we repeated our formal client survey. In addition, the LGA included a question on Local Partnerships in its annual survey of local authorities. The feedback we received from both surveys was encouraging and, importantly, showed very high levels of congruence across both sets of data.

Between September 2016 and May 2017 we received 35 responses to our client surveys for projects completed. The responses are from a variety of local authorities and third sector organisations and cover numerous areas, including Green Growth Wales, waste, Re:fit, housing support, PFI projects and benchmarking. Four of the responses relate to an assurance or gateway review, with very positive responses.

- out of the 35 respondents 83% indicated that Local Partnerships exceeded or fully met the requirements of the engagement
- 63% rated the quality of support as excellent
- 86% said they would ask Local Partnerships for support again
- 83% said they would recommend us to other public or third sector organisations.

3.2 LGA's Client Survey

In terms of the LGA's own survey of local authorities, half of the respondents (50%) had heard of Local Partnerships, which is consistent with 2015 (50%).

Awareness remains broadly consistent by region, but varies significantly by role, ranging from 90% by chief executives to 37% of portfolio holders. Of those aware of Local Partnerships, over a third (35%) are aware that their council has used Local Partnerships' services in the last year, which again is broadly consistent with 2015 (31%). Reported use of Local Partnerships is consistent by role, but significantly higher among those in Metropolitan Districts (58%).

The LGA survey demonstrated that of those that have used services provided by Local Partnerships, 69% are satisfied with them a decrease of 10 percentage points from 2015, and similar to satisfaction levels in 2014. Just 4% of those that have used the services are dissatisfied with them which demonstrates no meaningful change from 2015.

3.3 Raising our Profile

In 2016-17 we have shifted our perspective actively from programme area-led marketing and communications activity to client-led products and services, demonstrating that the client is at the heart of everything we do. Utilising the new website, we have enhanced our social media presence and provided more, regular, e-newsletters that have driven increased traffic to the website.

Through attending and speaking at a broad range of conferences and events, alongside a very successful presence at the 2016 LGA Conference, our key target audiences are

becoming more aware of the support we provide. We continue our media campaign to promote our work through demonstration of our clients' successes and to position our experts as thought leaders, primarily across trade press.

Our vision remains as simple as it is challenging: to strengthen the public sector to deliver more effectively, achieve more swiftly, and give value for money to the taxpayer and customer.

To achieve this, we will continue to increase the awareness and profile of Local Partnerships. We seek to reinforce our relationship with the LGA and HMT to leverage opportunities of mutual benefit. We are mindful of our competitors and look to create new strategic alliances with complementary organisations.

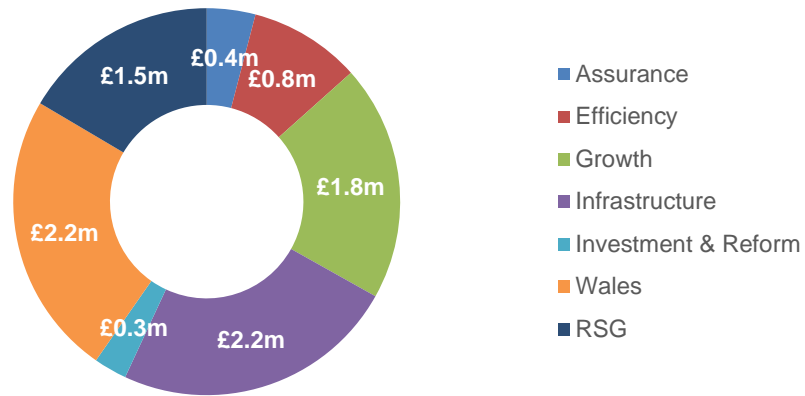


4 ADAPTING TO CHANGING PRIORITIES

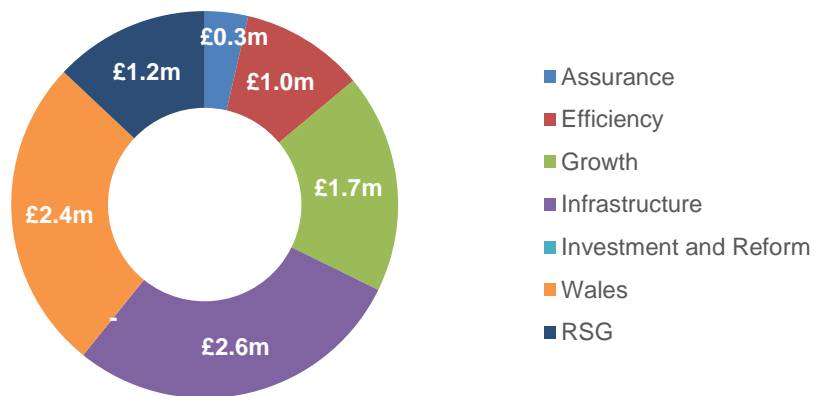


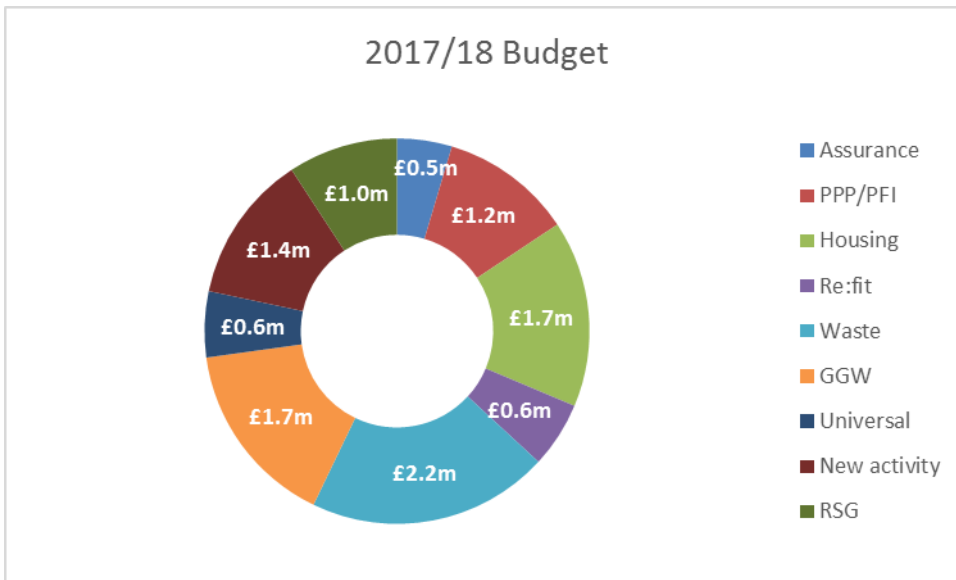
Fig 1 – The changing balance of activities over the period 2015 – 2018

2015/16 Actual



2016/17 Actual





The pattern of the last three years shows the dominance of infrastructure work (predominantly waste infrastructure) and the Green Growth Wales programme. An increased amount of work related to economic growth, including housing and regeneration is expected in 2017-18.

5 LGA GRANT – 2016-17 RESULTS AND 2017-18 ACTIVITIES



5.1 Introduction

This section of the report:

- provides details of how Local Partnerships has utilised the 2016-17 LGA grant allocation of £1.2 million
- outlines the broad areas of activity that Local Partnerships will undertake in 2017-18 with a budget of £1 million

5.2 Local Partnerships' LGA grant activities in 2016-17

In a very welcome development, Local Partnerships' grant activities were incorporated into the main LGA submission to DCLG. Whilst the allocation of £1.2 million was less than anticipated, as this report highlights we have made good use of the grant. We invested our grant allocation in business activities that accorded with the principles agreed by the LGA and the Board, i.e. activity predominantly free at the point of delivery to:

- align with our Members' priorities
- assist the delivery of new programmes with potential to add significant value to local government
- be consistent with Local Partnerships' business activity

An underlying principle of the grant was that for every £1 spent, £12 was saved by councils.

The table at the end of this sub-section summarises the scope and range of activities we have undertaken in 2016-17. The highlights are grouped under two headings:

- helping councils save money - and demonstration of how we have exceeded our savings target
- piloting new services/programmes to add value to the sector and form a platform for significant future revenue streams

5.3 Helping councils save money

Highlights include:

- work with A regional waste consortium where £15 million of savings has been identified
- work with Dorset councils that identified the potential for circa £28 million p.a. savings under a two-unitary option
- work with East Kent councils that identified circa £6 million p.a. savings through the merger of the four Districts
- under the Re:fit programme, we have helped councils realise £2.45 million savings on energy spend
- work with three councils on the creation of a shared highways maintenance service that will realise £1.5 million savings on current spend
- work with ten Councils on PFI re-financing support that will result in a minimum of £10 million annual savings for the councils.



5.4 New Programmes

Highlights include:

- the publication of the Housing Delivery Toolkit to help councils set up a vehicle to deliver new homes
- work with Birmingham City Council to help develop our commercialisation offer
- work to help develop a new Local Partnerships offer on air quality
- the publication of Local Energy – a Guidance Document for Local Government to help councils benefit from participation in the Energy Market
- the development of our Delivery Capability Status toolkit to help councils deliver major programmes successfully
- the development of a new Project and Programme Management training programme for councils
- early development of our offer on digital/5G roll-out to councils in co-operation with IPA and DCMS

A fuller analysis of our activities is shown in the table below:

GRANT ACTIVITY 2016-17			
Activity	Description	Number of councils	Savings identified
Assurance			
Internal Assurance Toolkit (IAT) improvement	We updated and expanded the Local Partnerships IAT library of documents and Local Partnerships Assurance training material for use by councils.	20	n/a
Assurance Pilots	We carried out Delivery Capability Status workshops for North Yorkshire CC, Milton Keynes Council, Worcestershire CC and Middlesbrough Council to test the process. The feedback provided information to further refine the tool and explore its potential prior to full roll out to all councils.	4	n/a
Programme Management training	Designed new Programme Management and Project Sponsor training material for workshops. Thereafter training for over 200 people at Salford and Middlesbrough was delivered.	2	n/a
Transport Hub	We supported the development of the Transport Knowledge Hub which we will host through our website. We worked in partnership with Greener Journeys, which promotes the use of buses and lower carbon public transport as an		n/a



	alternative to cars.		
Devolution			
Dorset councils	We completed our financial modelling of different Unitary options for the nine councils with our report the basis of public consultation.	9	Circa £28 million p.a. if unitary option is pursued
East Kent councils	We submitted two Business Cases for the potential merger of five and four District councils.	5	Circa £6 million p.a. if merger goes ahead
West Somerset/ Taunton Deane	We undertook an Assurance Review of the councils' proposal to transform their services including full merger.	2	Circa £1 million p.a.
Efficiency			
PFI benchmarking	We provided benchmarking support to: Birmingham Bristol Ealing (LB) Sheffield Worcestershire	5	Can be 10-30% of value of soft services contracts where contract negotiation has taken place
PFI insurance support	Peterborough Barnsley	2	Can be up to £300k per project
PFI refinancing	We provided refinancing support to: Bradford Coventry Derbyshire Hounslow Nottingham Southampton Worcester	7	Ranges between £500k and £3 million per transaction where refinancing has taken place
Shared services	We provided initial shared services advice and support to: Derbyshire Leicestershire North Yorkshire Nottinghamshire Sheffield Stoke on Trent Waltham Forest Worcestershire	8	Too early to provide reliable figures
Commercialisation	Supporting Birmingham City Council with commercialism initiatives to help deliver additional revenues to save services that would otherwise be cut owing to budget pressures. Specific support being provided to develop an overall commercial strategy as well as specific support on	63	n/a



	<p>pursuing commercial property investments.</p> <p>Generic learnings from across a number of councils was presented at two conferences which had 63 different authorities in attendance.</p>		
Procurement	<p>Supporting the Local Government Association in the reprocurement of the National Graduate Development Programme.</p> <p>Membership of the National Advisory Group for Local Government Procurement; we are now involved in the Brexit Working Group and the Energy Category Management Group. Also asked by LGA to advise on how procurement can better facilitate partnership working (part of the LGA's initiative to develop legal guidance for how councils and NHS England should work together under the New Models of Care).</p>		n/a
Growth			
Housing Delivery Toolkit	<p>Local Partnerships has prepared a toolkit to take local authorities through the stages of setting up a delivery vehicle to accelerate the construction of new homes. The toolkit has been distributed to over 40 local authorities and Local Partnerships is working closely with three. The short-term benefit is that LAs are able to scope and specify their requirements in a more efficient way. In the long term the use of the toolkit will enable them to generate receipts and income. It is too early to quantify the income generated at this stage.</p>	3 (40 benefiting from material)	Too early
Support to West Midlands Combined Authority	<p>We worked with the seven metropolitan councils in the West Midlands Combined Authority to help them articulate an offer and ask to government for assistance in delivering four strategic sites across the CA with potential for quick delivery of new homes.</p>	8	n/a
Re:fit programme delivery	<p>Support to deliver the National Re:fit Programme</p>	11 local authorities actively participating	Total savings for these organisations is estimated at £2.45 million p.a; annual



		in the programme. 3 new clients this year.	carbon savings of 11,616 tonnes CO2 p.a and annual energy savings of 27,900,000 kWh/year. Of these, contracted savings are as follows: £1,885 million p.a; annual carbon savings of 9,293 tonnes CO2 p.a; annual energy savings of 21,200,00 kWh/ year
Air quality	Work undertaken to assess the issues and impact of poor air quality. Market for support offer investigated and outline for Local Partnerships support has been produced and reviewed at internal workshop. Wider engagement being undertaken and thought-piece being developed to generate interest.	n/a	n/a
Local energy	We are preparing guidance, templates and a financial model to help the public sector identify opportunities, understand benefits and streamline delivery of “virtual private wires” to link renewable energy generators and local consumers. This approach aims to avoid a number of the costs charged to network users and can potentially provide a better price for generators and cheaper bills for consumers. Local Partnerships’ primary interest is to improve the economics of public sector renewable energy projects and increase the rate of their development.	n/a	n/a
Infrastructure			
Waste	Local Partnerships has drawn together the 6 th regional case study, focused on the East of England, to identify efficiencies and innovations made by authorities in waste services.	24	Circa £15 million p.a.
Highways maintenance collaborative working	We have worked with Barnsley, Doncaster and Rotherham councils to assess the potential for a collaborative approach to Highways Maintenance. A number of potential models	3	Circa £1.5 million p.a. across three councils



	have been identified which are now subject to further review and development.		
Infrastructure energy	In order to support councils in benefiting from participation in the energy market we have produced “Local Energy Options – A guidance Document for Local Government”. This sets out the various benefits councils can realise by doing this together with practical advice about how this can be achieved.	n/a	

5.5 Summary of 2016-17

Our use of the LGA Grant in 2016-17 has met the savings target set by DCLG, provided direct benefit to our Members, to councils and, through new product development, will continue to provide benefit to Local Partnerships in future years.

During 2016-17, we undertook some significant projects in partnership with LGA colleagues:

- our work with Dorset Councils on financial modelling of Unitary options
- work with East Kent District Councils on potential merger options
- a joint Assurance Review of West Somerset/ Taunton Deane's Business Case for potential merger Work on the Better Care Fund support programme

Additionally, we have worked closely with the LGA on DFT's HMEP programme and chaired a joint LGA/South East Councils' Housing Conference.

From our perspective, these joint activities have worked well - and we would welcome the opportunity to do more. We believe we are an important resource for LGA colleagues so in addition to those activities listed above we have a lot to offer in the fields of Housing, work with Combined Authorities, Health and Social Care integration and savings programmes. We would also welcome building closer working relationships with the LGA's Regional Principal Advisors to identify areas of support to their Councils.

5.6 Proposed Activity in 2017-18 funded by LGA Grant

This section sets out our proposed broad areas of activity in 2017-18.

In line with last year's practice we have discussed with LGA officers our contribution to the LGA's submission to DCLG for their 2017-18 Grant. The broad thrust of the DCLG settlement is the same as last year i.e. that for each £1 of investment we will help councils save £12. Our proposed areas of activity, grouped under the three broad LGA/ HMT priorities, will include:

5.7 Devolution/Unitary support

- we will support, with expert additional capacity, those councils with confirmed Devolution Deals and those where, as with Dorset and East Kent, all councils wish to explore Unitary/merged council/shared service options



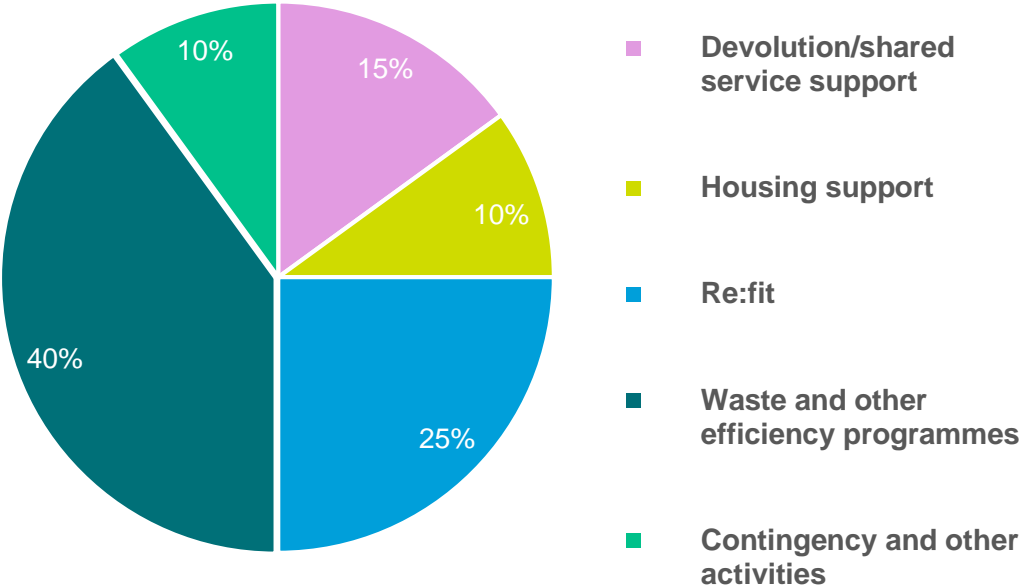
5.8 Addressing housing supply issues

- we will update our Housing Delivery Toolkit to reflect and incorporate political and market changes
- we will, with the LGA, hold regional “best practice” events and develop facilitated network events

5.9 Helping councils achieve savings

- we will continue to invest in the Re:fit programme, enabling councils to make significant savings on their energy spend
- we will work with councils to help them save money through re-financing of their PFI contracts
- we will work with councils to undertake major contract/fundamental spend reviews
- we will work with new waste consortia to enable them to make significant savings on their current spend
- we will undertake contract management reviews for waste disposal authorities with complex PFI projects
- we will provide support to work with councils/groups of councils identified by the LGA requiring our support
- we will offer contract management and effective major programme management training to councils
- our aim will be to match 2016-17 performance by working with c150 councils in 2017-18

A broad indication of the balance of spend is shown in the diagram below:





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