



**LOCAL
PARTNERSHIPS**



**IMPACT REPORT
2017 ▶ 2018**

Foreword from the Chair and Chief Executive



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 demands for services continue to rise.

In 2017-18, Local Partnerships continued to deliver the well-regarded services that are familiar to our partners. Highlights in this year included very successful 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 grants and have

diversified further into new areas of work, with new partnerships developing with the LGA in the areas of adult social care and housing advice.

In 2017 Local Partnerships formalised its long-standing relationship with Welsh Government which now has co-ownership.

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.

We hope this first Impact Report reflects well the activities and successes of Local Partnerships in 2017-18 and that it sets a good benchmark for the organisation as it heads into its tenth year.

Sir David Wootton and Sean Hanson
Chair (Independent) and Chief Executive

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Introduction to Local Partnerships

Local Partnerships is jointly owned by HM Treasury, the Local Government Association and Welsh Government. This ownership is critically important to the way we work and who we serve. It provides assurance to our clients that we address delivery in a way that is consistent with the direction of policy.

Our work is driven by our owners' priorities and moves **in line with government policy**

We help central and local government **deliver projects and change** at the local level

Our vision is to **strengthen the public sector to deliver more efficiently and effectively**, achieve more swiftly, and give value for money to the taxpayer and client

We provide **trusted, professional support** to councils across England and Wales, helping the public sector meet the challenges it faces and achieve greater success

We **only work for public sector bodies** and related partners whose priorities are aligned with our owners (for example police forces)

We are a hands-on organisation and **work collaboratively for the benefit of our clients**, often sitting along-side project teams, rather than providing advice from afar

We only use highly qualified and experienced staff who bring **public and private sector experience that provides confidence, additional capacity and commercial capability**

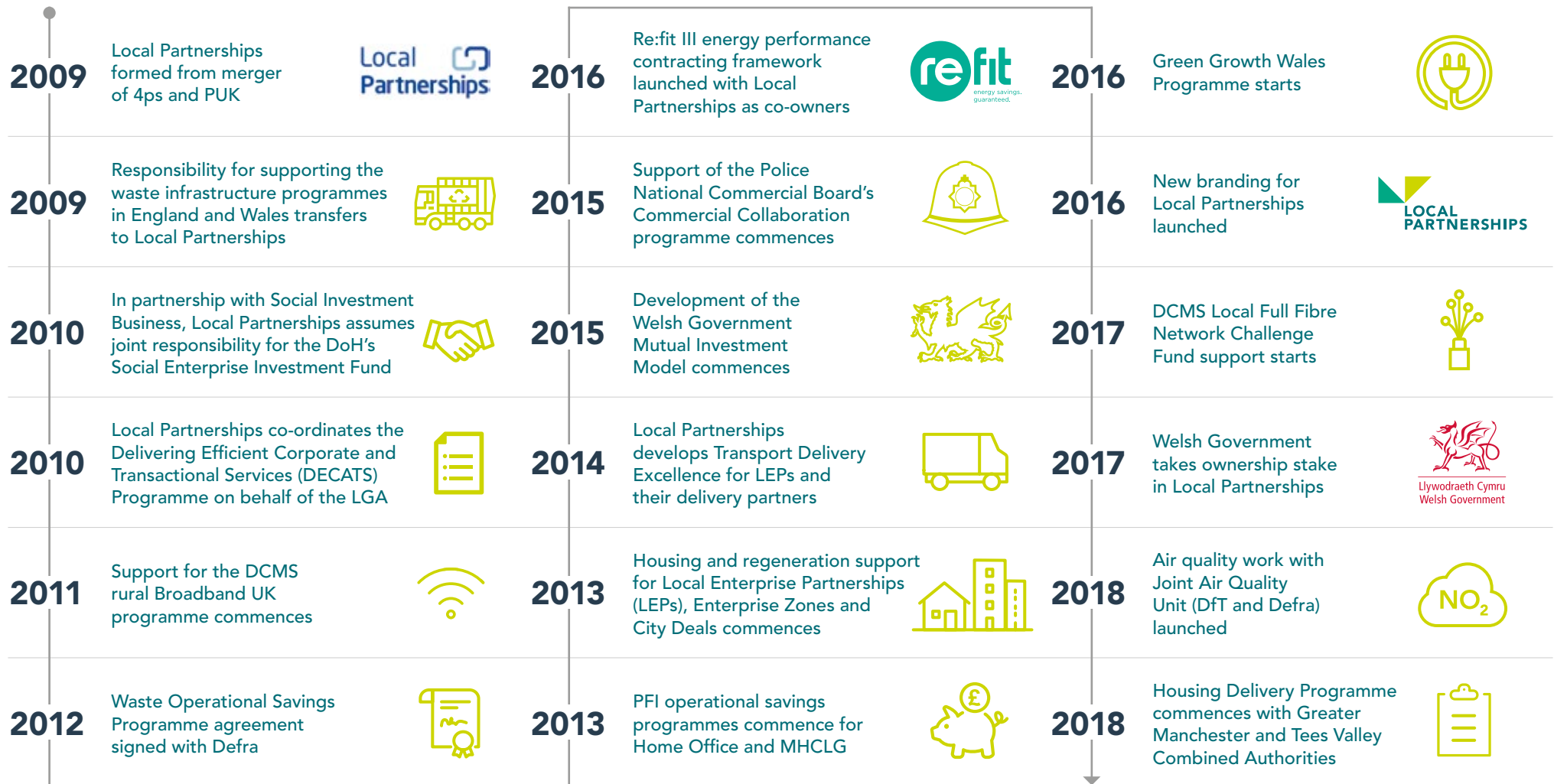
Where there is an urgent need, **we can deploy very swiftly**

Our financial model is to **recover costs, not maximise surplus**. It provides comfort that public money spent on delivery is being retained within the public sector

We do not hoard our **intellectual capital**; instead we freely share (non-confidential) best practice and solutions to problems that may be new to a client, but familiar to us

We are a "**Regulation 12 Exempt**" organisation ("Teckal"). Therefore government departments, and local authorities in England and Wales do not have to procure us through the OJEU process to use our services

Local Partnerships' timeline



Business model and operating principles

The work we do is driven by our owners' priorities. With that in mind, we operate according to a set of key principles:

We only work for **public sector bodies**, the community-focused third sector, and related partners. We do not work directly for the private sector

We will **always support the public body** when partnership work is commissioned

Our financial imperative is to **make a modest and realistic surplus**, operating within principles of financial prudence. We do not maximise profit and we do not seek work outside our public service mission

We exist to **help delivery at the local level**

We only **employ expert staff** who are 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 retain

We are able to **share learning between organisations**. We **offer solutions to problems** that may be new to a client, but familiar to us

We bring **added value to local public services**, avoiding assignments others can readily provide

We only **bid for competitively tendered work** if we are able to demonstrate that we will add value to public service delivery (rather than simply provide the cheapest price)

We **aim for flexibility and adaptability** by directly employing about two-thirds of the personnel required for our forecast workload, with the remainder being employed as associates

Typically, we use a **standard day rate for assignments**, regardless of the personnel or associates deployed on them

If a **surplus is made it is either retained in the business or distributed to our owners** (and thus retained within the public sector)

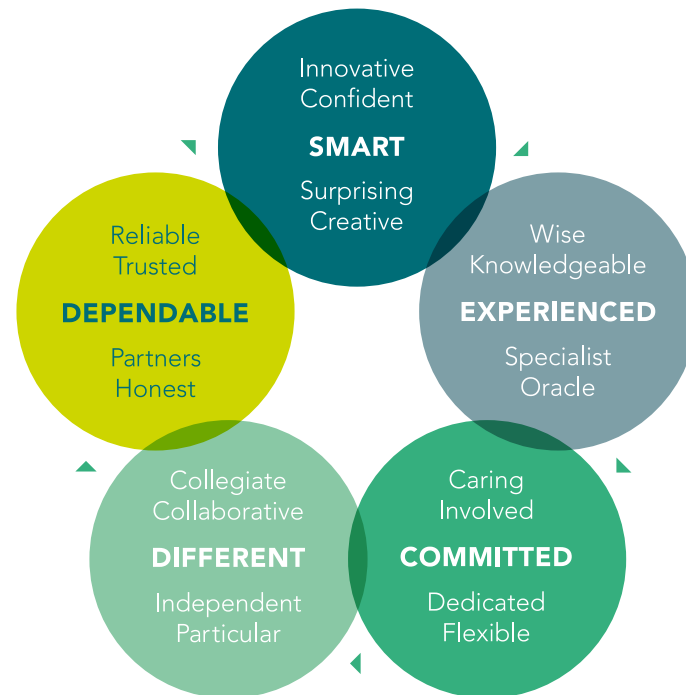
Our values

Our values are what we stand for and are entirely motivated by our public sector ownership and service objectives:



Our culture

We strive to foster a culture that allows everyone to excel and have pride in public service excellence. In pursuit of our values, we seek to be:



Our standards

At Local Partnerships, we believe we must set and achieve high standards of performance and behaviour:

We provide a working environment where **our values, policies and code of conduct are actively supported**

We make sure everyone who works for us or with us **understands the values we live by, our policies and our codes of conduct and behaviour**

We conduct our business according to **our operating principles: legally, fairly and ethically**, making sure the decisions we make protect our partners' interests and avoid situations that create a conflict of interest

We **record and report information** about our business accurately, honestly and transparently

We **do not give or receive gifts or hospitality** that may improperly influence a decision or judgement

We only work with partners, third parties and customers who **share our ethical standards**

We **encourage everyone to seek help and advice** if they are unsure about what to do, or concerned that our values, policies or code are being compromised

We **provide confidential resources** for everyone to report improper behaviour and actions and make certain there is no retaliation of any kind

Governance

Local Partnerships is a limited liability partnership owned by the LGA, HM Treasury and Welsh Government. It has been set up as a joint venture with a unique mandate, embedded in our Members' Agreement and associated governance framework, to strengthen public sector commercial capability.

Board

Local Partnerships reports to a supervisory board that monitors compliance with its public sector mission. Board membership includes representation from key figures in central and local government.

The Board Members for 2017-18 were:

Sir David Wootton	Chair (Independent)
Susan Johnson	Chair of Audit Committee
Barry Quirk	(Independent)
Kevin Bentley	(LGA representative)
Graham Chapman	(LGA representative)
Gerald Vernon-Jackson	(LGA representative)
Chris Wells	(LGA representative)
Stephen Dance	(HMT nominee)
Philip Duffy	(HMT nominee)
Fred Maroudas	(HMT nominee)
Simon Ridley	(HMT nominee)
Steve Davies	(Welsh Government)
Sean Hanson	Chief Executive

Status

Local Partnerships operates as a Teckal (ECJ C-107/98) company, meaning that it is exempt from public procurement for the award of contracts – regulated by the Public Contracts Regulations 2015 (Regulation 12) – provided certain requirements are met.

Those requirements are:

- ▶ public authorities must exercise sufficient control over Local Partnerships
- ▶ Local Partnerships must carry out the essential part of its activities for its owners

The Chief Executive of Local Partnerships, on behalf of the Board, ensures that the Regulation 12 exemption is monitored closely so that more than **80%** of Local Partnerships' business is carried out for the LGA and its member authorities, central government departments and Welsh Government.

Maintaining the quality of our work

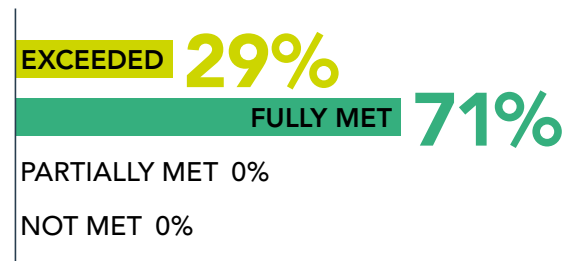
Our clients have high regard for the quality of our work by our success in consistently meeting, or exceeding client requirements ”

Local Partnerships' client surveys

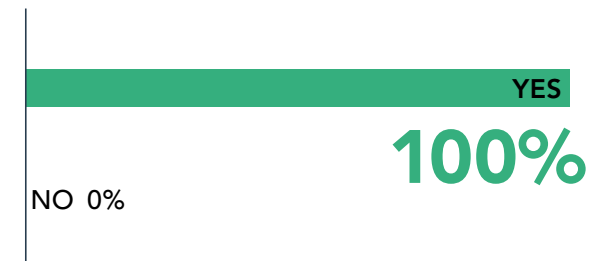
The quality of our work and resulting customer advocacy remains our most powerful marketing tool. During the course of the year we reinforced our quality assurance processes both in terms of proposals and assignment deliverables and changed our method of requesting feedback so that it was more dynamic and current.

The responses to the client survey demonstrate the continued high regard that our clients have for the quality of our work and illustrates our success in consistently meeting, or exceeding, client requirements.

To what extent has Local Partnerships met your requirement for the engagement?



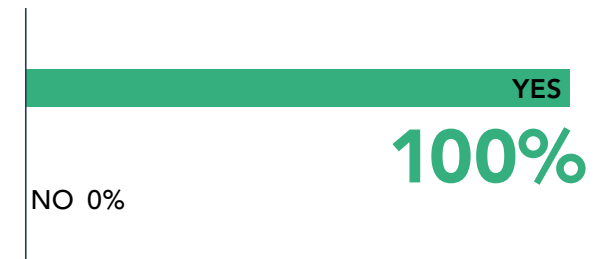
Would you ask for Local Partnerships support again?



How would you rate the quality of support you have received from Local Partnerships?



Would you recommend Local Partnerships to other public or third sector organisations?



Client feedback

Local Partnerships consolidated the whole picture to the team, introducing elements and approaches to managing the contractor which we hadn't considered.

The alternative to using Local Partnerships would have been to use a large accountancy firm which would have cost a lot more and where personal attention to detail would have been difficult to match.

Local Partnerships has helped us make some really significant progress on a number of projects and we simply would not have been able to have done that without their generous and patient guidance and support.

Local Partnerships demonstrated a very clear understanding of what was required, anticipated our needs and was a constant source of advice and support.

Local Partnerships' strategic, commercial and procurement support gave us the confidence to accelerate the delivery of our project.

The quality of advice provided by Local Partnerships has always cut straight to the core of key strategic issues whilst being technical and commercially sound.

Local Partnerships' support and advice has been invaluable as you fully appreciate the sector we are working in.

Very efficient and worthwhile, providing confidence and identifying issues for improvement.

Your team was extremely knowledgeable and efficient and very supportive.

Raising our profile

The consistency and quality of our brand across online and offline channels has enhanced recognition of the support our experts provide ”



Marketing and communications Caroline Hampden-White

In 2017-18 we demonstrated across a wide range of platforms the top-quality range of expertise offered by the Local Partnerships team. As ever, the function of our marketing and communications work is to share the best practice we see across England and Wales and thereby the range of things we can do to support and nurture the public sector. To this end, we pursued the following activities in 2017-18.

We worked in partnership with complementary organisations to strengthen existing alliances and form new strategic relationships. These included CCN, DCN, ADASS, CIWM and ADEPT. Our experts engaged with members across these organisations, and others, better to inform them about how we support their activities and the local government agenda.

Our increased presence on conference platforms, at roundtable and other external events helped us share our knowledge with a wider audience of public sector colleagues. These included the National Infrastructure Forum, Public Policy Exchange and InsideGov. Celebrating the

successes of the sector, we committed to the sponsorship of a new category for the 2018 MJ Awards: Best Commercial Council.

We maintained and nurtured the close relationship with our owners. For example, we were delighted to be invited to collaborate with the EELGA. We helped to design and support their summit focusing on what an effective sub-national transport body could do for the East of England and its economy, and how to achieve that goal.

Coordinated activity over a range of social media platforms has powerfully illustrated how we support clients to transform their services. We have doubled the number of promotional newsletters distributed in comparison to the previous year, resulting in increased traffic to our website.

Following current digital trends, we established a series of webinars and developed online tools to offer practical, free, help to staff at all levels within councils.

The consistency and quality of our brand across online and offline channels has enhanced recognition of the support our experts provide. This has been demonstrated by the increased depth and breadth of discussions at conferences, events etc. throughout the period.

Requests for thought pieces across a range of publications has increased, with particular demand from specialist journals, for example across procurement and recycling press. In addition, we sought opportunities to write in leading journals such as the MJ and LGC on topics where we had a valuable contribution to make.

Our impact in 2017-18

In this section we highlight the activities and successes of each of our programme areas over the last year.



Commercialisation David Crowe

We supported the Police National Commercial Board across a range of commercial activities pursuant to delivering a savings target of £350 million. These included collaborative procurement, shared services, development of new commercial operating models, development of a commercial profession and revenue generation. Some of the learning derived from working collaboratively with all 43 police forces and Police and Crime Commissioners across England and Wales can be exported to the local government sector, and we will seek to build on this in the future.

Throughout 2017-18, Local Partnerships continued to support a number of authorities as they contemplated commercialisation projects including the development of alternative delivery models, solidifying our position as a trusted resource. Our support has included:

- ▶ a parking enforcement options appraisal for London Borough of Brent

- ▶ development of a business case for a new energy company for Birmingham City Council
- ▶ commencing a shared services options appraisal for Breckland, South Holland and King's Lynn and West Norfolk councils
- ▶ a strategic review of the North East Lincolnshire Regeneration Partnership
- ▶ a joint review with the LGA of Manchester City Council's capital programme with a view to developing a more commercial approach

During 2017-18 we also developed a set of modules to support commercialisation capacity building across councils. We anticipate rolling this out to councils in 2018-19 through training and development events.



Working collaboratively with

All **43** police forces and PCCs



across England and Wales

Our impact in 2017-18



Energy Mike Williams, Vicky Kingston, Rachel Toresen-Owuor

During 2017-18 our work under the Welsh Government's Green Growth Wales programme, shifted its focus to concentrate on large-scale wind and solar energy facilities, each with a capital value typically in the range of £3 million to £12 million. We put together a programme that involved a wide-ranging review of Welsh public sector land-holdings to assess their likely suitability to accommodate renewable energy facilities. Suitable sites were screened further to test their deliverability, and economic modelling was undertaken to assess the required investment, the likely income generation potential for the site owner over the life of the project, and the potential financial returns.

We identified over 250 sites across Wales, and by the end of 2017-18 had developed a viable renewable energy project pipeline of 31 projects, with an estimated capital value of £123 million and a generation capacity of 140MW.

Six Re:fit mini-competitions were launched in 2017-18 across Local Government, Universities and Central Government. These covered a wide range of projects in terms of the scale of investment (£0.7 million-£20 million) and the various solutions which included buildings energy efficiency on schools and council buildings, large sporting and leisure facilities, rooftop solar PV, smart grid projects including electric vehicle charging, and battery storage.

By the end of 2017-18, Local Partnerships had support agreements in place with 34 contracting organisations and the Re:fit programme supported the delivery of annual CO₂ savings of over 11,000 tonnes.



Concentrating on large-scale
wind and solar energy
facilities, each with a capital
value of between



£3 – £12 million

Our impact in 2017-18



Air quality Mike Williams

Poor air quality is a significant problem in the UK, reportedly contributing to an estimated 40,000 premature deaths each year as well as a wide range of chronic physical and mental health issues. The primary pollutant of concern is nitrogen dioxide (NO₂), the main source of which is diesel vehicles. Defra has identified 48 areas across England that exceed the statutory concentration limits and the government is providing significant technical and financial support to local authorities to help them to reduce the pollution levels to within statutory levels in the shortest possible time. In 2017-18 Local Partnerships was asked to assist with the delivery of the programme.

We commenced work on the 18-month air quality programme in January 2018 working for Defra and DfT's Joint Air Quality Unit (JAQU) to support the 15 most polluted urban areas

across England to reduce their vehicle-derived levels of NO₂ to within legal standards. Councils will use a range of measures primarily aimed at reducing the number of polluting vehicles from entering the affected areas. This includes such measures as charging in clean air zones (similar to London's congestion charge), scrappage schemes, improved public transport, better cycle lanes, and new road layouts. We are helping local authorities to plan the delivery of their air quality improvement measures; specifically with the commercial, financial and management aspects of their business cases.



Supporting the

15 most polluted urban areas



We are helping local authorities to plan the delivery of their air quality improvement measures

Our impact in 2017-18



PFI/PPP Rosie Pearson

We continued to support councils to identify and realise savings on their operational PFI contracts through periodic events such as benchmarking and market testing, and on key contractual issues across sectors including education, leisure, housing, police, fire and health. Our work in 2017-18 included:

- ▶ advising six councils to refinance their PFI projects, generating gains in excess of £11.5 million for the public sector
- ▶ supporting four councils to resolve PFI insurance disputes, realising additional returns in excess of £2.1 million for the public sector

We supported a number of councils directly impacted by the collapse of Carillion, ensuring continuity of service while establishing longer-term sustainable service delivery solutions.

We continued to develop the commercial skillset of the public sector through sector and industry specific PFI training, providing training to over 80 PFI contract managers and key stakeholders from over 20 central and local government organisations.

During 2017-18, we increased the extent of our support to the Welsh Government on its Mutual Investment Model (MIM) programme, leading and providing specialist financial advice to the 21st Century Schools Programme and providing commercial support to the A465 roads PPP project, both being delivered under the MIM programme.



Advising six councils to refinance their PFI projects, generating gains in excess of

£11.5 million
for the public sector



Our impact in 2017-18



Housing Judith Atkinson, Martin Walker, Simon Bandy

During 2017-18, we provided capacity support to 27 local authorities across all tiers and in a wider variety of market settings.

We supported six local authorities in securing Housing and Infrastructure Fund (HIF) awards from central government, including the country's largest residential regeneration scheme. In total, we assisted councils to bid for capital awards that could support the delivery of around 40,000 homes and investment for supporting infrastructure to a value of around £500 million.

We provided direct support to five local authorities with business cases for the development of new local housing companies. We conducted five Housing Zone healthchecks to review progress made in delivery of Housing Zone proposals by councils and help them to accelerate their delivery.

We supported several councils in developing their pipelines for future housing growth. At Bradford, for example, we identified

an estimated saving on the Council's current direct development pipeline of six sites, turning loss-making proposed developments into profit-making developments. We also identified a pipeline of sites for housing development with the potential for the direct delivery of additional affordable homes.

We supported councils to address the delivery challenges of inner urban area brownfield housing sites, waterfronts and estates renewal programmes. We advised on the optimal packaging of multiple council-owned development sites in order to accelerate routes to market.

We acted as an LGA-appointed Housing Adviser for four projects, on housing issues including the development of modular housing, the establishment of housing delivery vehicles and active interventions to address stalled consented housing projects.



We assisted councils to bid for **capital awards** that could support the delivery of around

40k homes

and investment for supporting infrastructure to **a value** of around

£500 million

Our impact in 2017-18



Waste Howel Jones, Duncan Powell, Martin Pollard

Our continuing work for Defra ensures that the department retains appropriate control of the grant payments supporting its Waste Infrastructure Delivery Programme whilst also supporting 26 authorities to manage their operational waste PFI contracts. During 2017-18, we provided training and contract management reviews; undertook a regional study on waste collection; continued our leading edge operational savings work; and provided forward-looking strategic whole-system waste management reviews for combined authorities. In England in 2017-18 we:

- ▶ assisted in the identification of £6.5 million per year of savings from ongoing operational waste contracts
- ▶ assisted in the identification of £28 million per year of savings from an operational waste contract prior to its termination
- ▶ worked with Defra to explore the potential for recycling improvements and reduced costs for combined authorities
- ▶ supported Defra to a successful outcome on a major Judicial Review

- ▶ completed a regional review of efficiencies in waste collection for the East Midlands region which identified savings in excess of £8 million per year

The Welsh Government's current Waste Infrastructure Procurement Programme (WIPP) reached its successful conclusion in March 2018, with the final project achieving financial close.

We delivered seven food waste treatment contracts, involving 17 of the 22 Welsh unitary authorities. By the end of 2017-18, all of the food waste treatment contracts were fully operational, recycling over 100,000 tonnes of food waste per annum at five anaerobic digestion facilities.

We also delivered three residual waste treatment contracts, involving 14 of the 22 Welsh unitary authorities. By the end of 2017-18, two of these contracts were fully operational, diverting 375,000 tonnes per annum of residual waste from landfill, generating 30MW of renewable energy.

Our work on the WIPP has produced estimated cost savings of over £500 million for the public sector in Wales over a twenty-five year period.



Our work on the WIPP has produced **estimated cost savings** of over

£500 million

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Our impact in 2017-18



Health and social care integration Anne Jarrett

In 2017-18 we carried out a number of direct assignments with councils and their partners. We also developed collaborative relationships with the LGA's Care and Health Improvement Programme (CHIP) and the Association of Directors of Adult Social Care (ADASS).

As a provider to the Better Care Fund (BCF) National Support Programme we supported five local areas, including Southend Borough Council, where we supported the Health and Wellbeing Board in establishing the case for accelerating the pace of integration, and identifying where the potential greatest benefits of health and care integration might be found. This *Sizing the Prize* assignment will serve as a pilot for a potential new offer of support within the CHIP.

We supported the London Borough of Croydon to undertake a local assessment of the current position and future potential of its local micro-market for wellbeing, health and care. This was in the context of the Councils' ambitions to develop a diverse local market to support greater personal choice and to utilise community resources.

We undertook a second *Stepping Up to the Place* assignment for North Lincolnshire Council, in collaboration with CHIP, focused on mental health provision. A number of key lines of enquiry for the Council and its NHS partners were identified which demonstrated where a shift or reallocation of resources within the local system held the potential to provide better outcomes for service users and a more effective use of resources.



As a provider to the Better Care Fund (BCF) National Support Programme we supported

5

local areas



Our impact in 2017-18



Devolution and local government reorganisation Martin Forbes

We produced a business case for Torbay Council that assessed various local authority partnership options that could potentially increase the Council's resilience and assist with future budgetary challenges.

We helped Breckland, West Norfolk and South Holland Councils explore the viability of re-shaped partnership arrangements between the three authorities.

We provided early stage advice to Broadland and South Norfolk Councils as they set about investigating the merits of closer working and shared arrangements.

We provided expert commercial advice and support to a number of combined authorities as they exercise new devolved powers and responsibilities in key infrastructure areas such as housing and waste.

Working closely with the Home Office, we supported the Police and Crime Commissioners and police forces in Dorset, Devon and Cornwall as they have proceeded through the outline and final business case stages of their proposed merger.



Producing **business cases** and providing **expert commercial advice** and **support** to a number of combined authorities



Our impact in 2017-18



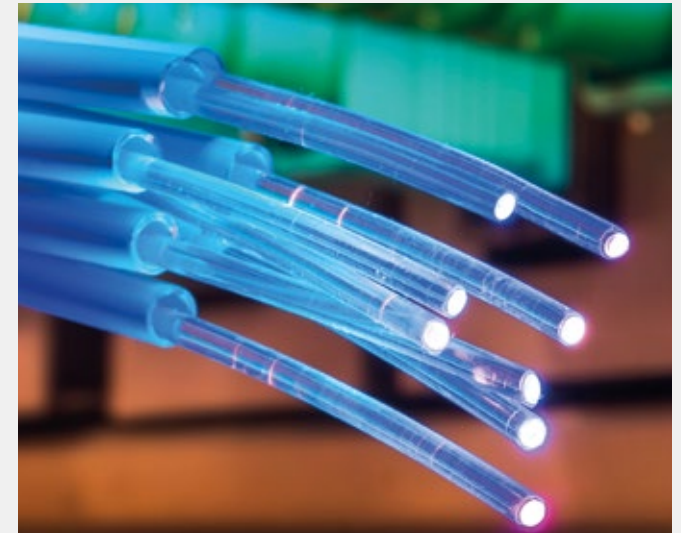
Digital Julie McEver

In 2017-18, we supported DCMS with its Local Full Fibre Networks (LFFN) Programme including its Challenge Fund. The LFFN Programme aims to stimulate commercial investment in full fibre networks across rural and urban areas in the UK by demonstrating approaches that encourage additional private investment and by making sustainable commercial deployments viable. The LFFN Challenge Fund is a government capital grant programme of up to £200 million, to help deliver the fastest and most reliable digital communications network available. Local bodies that can harness public sector connectivity and aggregate private sector demand to stimulate the market to build new and extend existing fibre networks in their local areas can apply to the Challenge Fund.

Local Partnerships supported DCMS to:

- ▶ design the Challenge Fund award process including the prospectus and application templates and the evaluation framework
- ▶ promote the Challenge Fund including design and joint facilitation of seven workshops (over 300 attendees) around the UK (Belfast, Cardiff, Glasgow, Leeds, Liverpool, and London)
- ▶ evaluate 36 applications received including an operational and financial evaluation of each application, facilitation of the moderation panel and presentations to the decision panel

The Chancellor announced the successful bidders in the Spring Statement 2018, providing over £95 million for 13 areas across the UK.



Supporting the DCMS to promote the Challenge Fund including design and joint facilitation of

7 **300** 
workshops attendees around UK

Our impact in 2017-18



Assurance Paul Monaghan

In 2017-8 Local Partnerships completed over 30 external assurance reviews to local authorities and other public bodies, including police authorities, a fire authority, a local enterprise partnership (LEP), a NHS Trust, a housing association, a transport authority and the Welsh Government.

We carried out two reviews for the National Police Chiefs' Council on plans for the implementation of the Home Office Emergency Services Mobile Communication Programme (ESMCP) by all 44 police forces in England, Wales and Scotland and then undertook a similar review of implementation plans by all the fire services. The Police Gateway review was one of the largest reviews we have undertaken and included interviews of over 45 people over several weeks. This review was a significant part of the evidence which led to decision by the Home Office to revisit its ESMCP delivery programme and revise the business case due to be completed this autumn.

We launched two new interactive tools on our website, the Delivery Capability Status (DCS) and Assurance Risk Assessment (ARA). The DCS tool enables authorities to assess their resources and capability to take on major programmes, whilst the ARA allows them to assess the level of complexity and risk pertaining to a specific project or programme.

We devised and piloted new training modules to help authorities and LEPs produce and assess better business cases and programme management techniques and delivered these to over 100 people from LEPs, councils and their public sector partner organisations.



Local Partnerships completed over

30 external assurance reviews



to local authorities and other public bodies

Our impact in 2017-18



Infrastructure Kevin Jones

The principal focus for general infrastructure activities over 2017-18 was in supporting councils to define and develop infrastructure investment in support of their housing ambitions. This was best demonstrated in a LGA grant-funded project undertaken for the Greater Manchester Combined Authority (GMCA).

GMCA separately commissioned the development of an infrastructure strategy for the region, setting out the infrastructure necessary to support the development of 235,000 new homes between now and 2030, as set out in the Greater Manchester Spatial Framework. To support this work, we engaged with all ten GMCA councils to establish the status of their Local Area Plans; their ability to define their infrastructure needs; and what key obstacles would be required to be address at combined authority level if a regional strategy were to be adopted.

We have assisted many local authorities to consider new capital investment and review ongoing operations and maintenance of highways and transportation. We supported a London Borough in developing a new strategy for Parking Services, building on its ambitions for developing a more area-based approach for delivering environmental services.

The challenge posed to Local Government by the Flood and Water Management Act (2013) continues to provide an area of support Local Partnerships can offer. Over the last year we have undertaken a review of the National Flood Programme for the Welsh Government, engaging all relevant Welsh authorities involved in its delivery. In addition, we supported a number of individual English councils in their definition and delivery of local flood risk management investment.



Supporting and engaging with

all **10** GMCA councils

to establish the status of their Local Area Plans



Our financial performance

Turnover increased to £10.3 million, up by £1.1 million, between 2016-17 and 2017-18 ”

In 2017-18 we generated actual turnover of £10.3 million including £1 million of LGA Grant (2016-17: £9.2 million including £1.2 million of LGA grant), on which we made a net surplus of £0.9 million (2016-17: £0.7 million).

Turnover increased by £1.1 million between 2016-17 and 2017-18 despite a £0.2 million reduction in LGA grant income. £0.6 million of the additional revenue was a recognised long-term debtor.

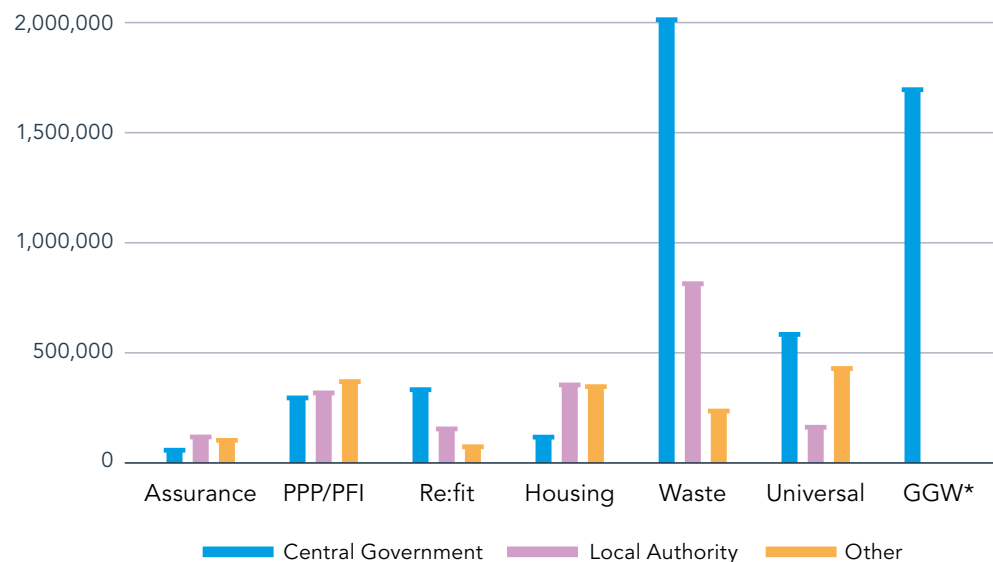
The net surplus for the year has increased by £0.2 million between 2016-17 and 2017-18, due to the £0.6 million long term debtor. Without this figure, the surplus for the year was £0.3 million.

Financial performance 2017-18 (without 2017-18 long-term debtor)

Revenue Category	2017-18 Actual £'000	2016-17 Actual £'000
Grant	1,000	1,200
External Income	8,805	8,038
Total Income	9,805	9,238
Total Cost	9,494	8,544
Net Surplus	322	694

Analysis of income

Programme income by sector (£)



* Green Growth Wales

Our financial performance

Balance sheet

Net assets at year-end were £7.6 million (2016-17: £7.1 million) of which cash and equivalents represented £5.5 million at year end (2016-17: £5.5 million). The increase is due to the additional long-term debtor.

Loan stock and distributions

In line with policy, repayment of loan stock of £70,000 to each owner was made in September 2017, meaning our £2.3 million loan stock of 2011 has now been fully re-paid.

In addition to this, a dividend of £105,000 was paid to each owner, making the total distribution at the year-end £350,000.

For the 2017-18 financial year a total dividend of £162,000 has been agreed. This will be split evenly between the Local Government Association and HM Treasury and paid in Q2 of 2018-19.

Audit

At the end of the financial year 2017-18 our external auditors PKF Littlejohn LLP issued an unqualified audit opinion in relation to our financial statements and accounts.

Internal audit

For the first time, in the year 2017-18, Local Partnerships sought a head of internal audit opinion on the overall adequacy and effectiveness of its risk management, control and governance processes.

A schedule of four reviews across different key areas of risk was put together with our internal auditors, RSM Risk Assurance Services.

The organisation has an adequate and effective framework for risk management, governance and internal control.

However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

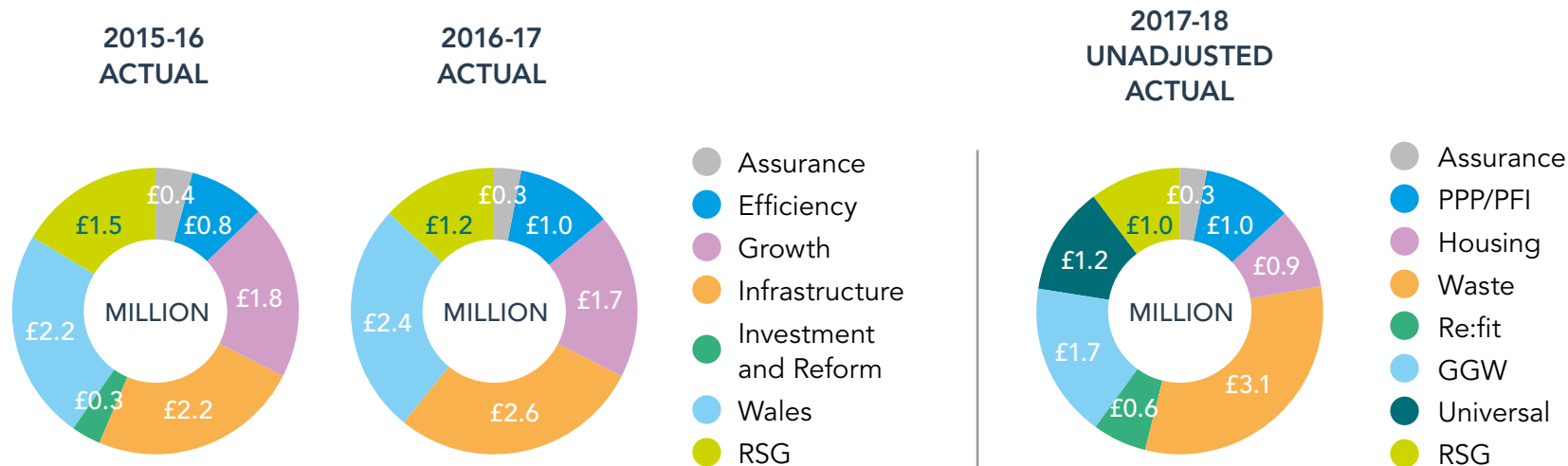
Adapting to changing priorities

Our work at Local Partnerships continues to follow the priorities of our owners. This has experienced some changes over time but the pattern of the last three years does show the dominance of waste and infrastructure/waste work and the Green Growth Wales programme.

We have continued to reduce our reliance on the revenue grant from the LGA and have diversified further into new areas of work.

Universal includes income from the NCB contract (approximately £350,000) and DCMS (approximately £380,000).

The changing balance of activities over the period 2015-2018

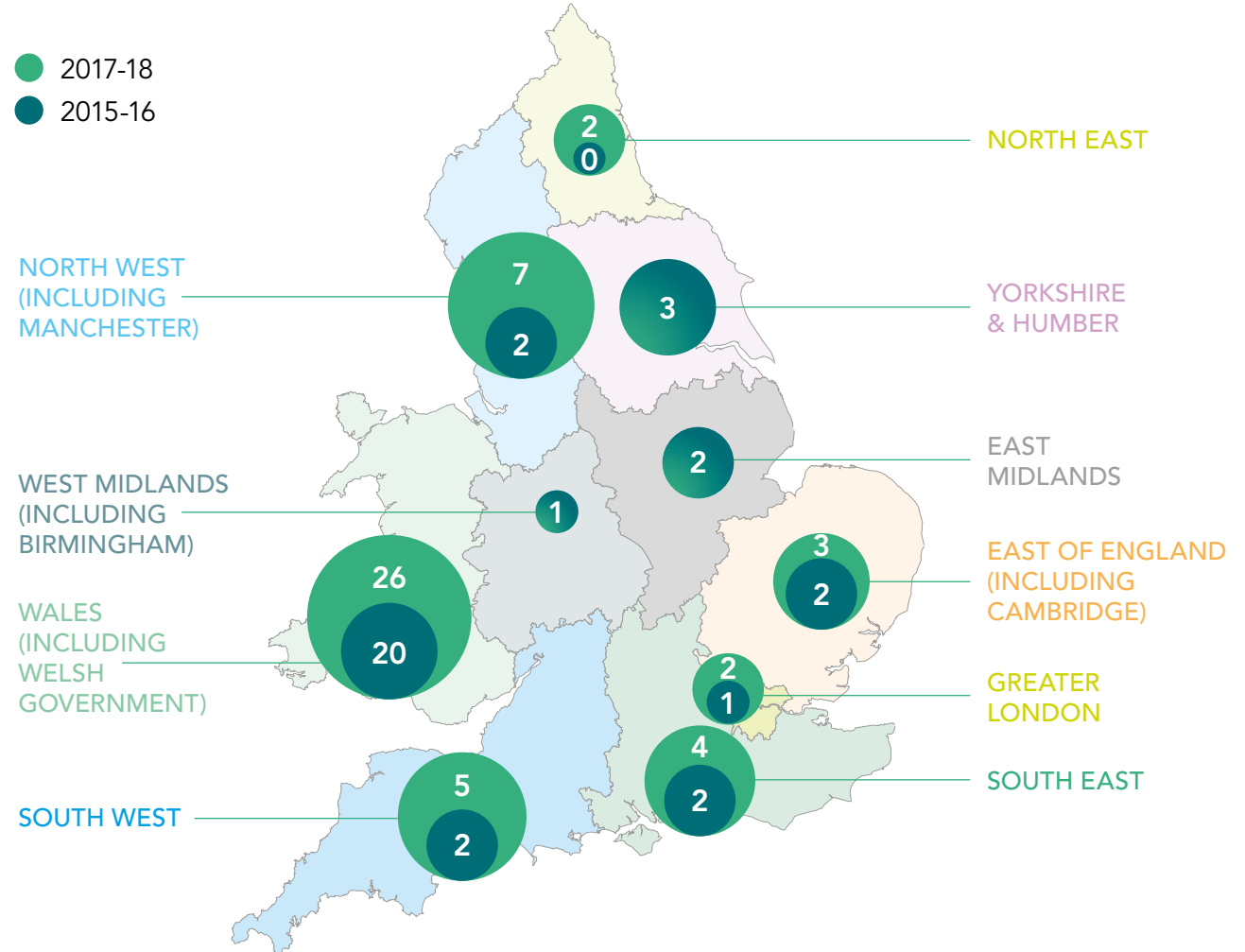


Adapting to changing priorities

Between financial year 2015-16 and 2017-18 the percentage of income received from central government contracts has reduced from 61% to 44%.

The map shows the geographical spread of local authority income and its changes between the two years.

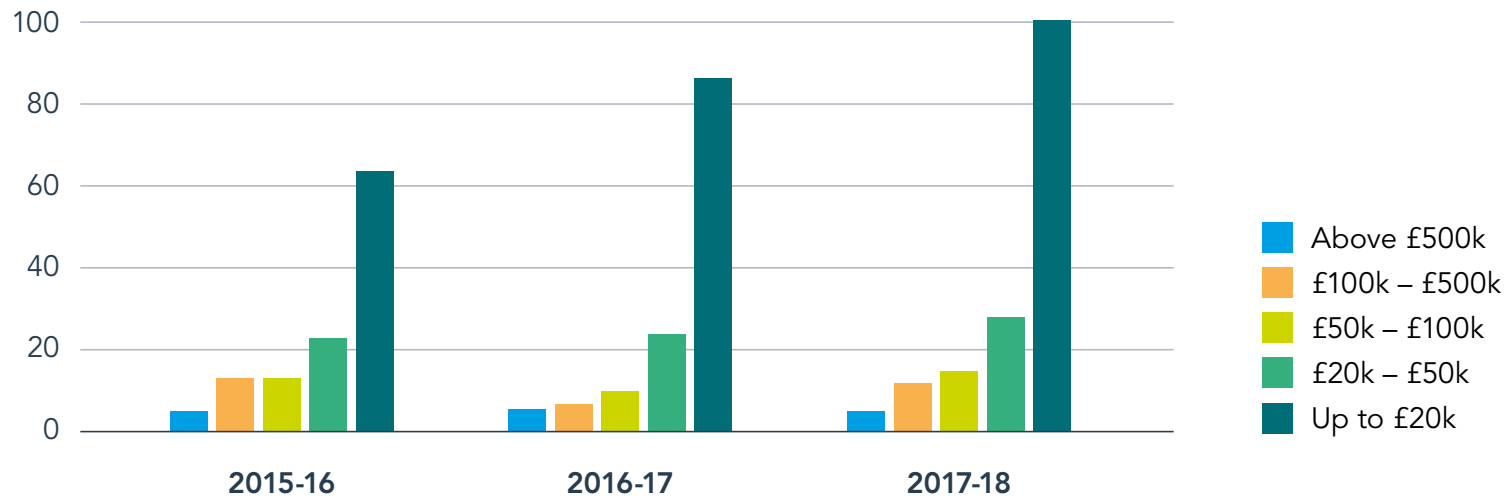
Geographical income expressed in hundreds of thousands (£)



Adapting to changing priorities

The total number of projects undertaken within the year has also increased from 118 in 2015-16 to 161 in 2017-18. The below graph shows the relative size of these projects and the percentage split across these three years.

Number of projects by size 2015-16 – 2017-18



Corporate social responsibility

In 2017 we sought to increase the impact of our volunteering activities through “skills matching” – offering our professional expertise – alongside “extra hands” practical support ”

Local Partnerships has been supporting charitable organisations through volunteering events and fundraising since we were established and we continue to demonstrate our commitment to corporate social responsibility.

In 2017 we sought to increase the impact of our volunteering activities through “skills matching” – offering our professional expertise – alongside “extra hands” practical support. Access to business planning, financial and marketing advice, for example, is often very difficult for charities with limited capacity and resource.

We worked with two charities this year:

- ▶ The Doddington and Rollo Community Garden in Wandsworth, London
- ▶ Coed Cadw (Woodland Trust) in Cardiff

The Doddington & Rollo Community Garden is a large urban roof garden in community ownership. It has been transformed into a green space for the local community to enjoy and grow flowers, vegetables and fruit. It also runs healthy eating projects and community events.

Coed Cadw is the Welsh branch of The Woodland Trust. The Trust is the country’s largest woodland conservation charity. It describes its mission as “standing up for woods and trees” and it “protects, campaigns, plants trees and restores ancient woodland for the benefit of wildlife and people”.

Through our new approach we have been able to provide a much wider range of support than in the past. This has included:

- ▶ identifying and sharing best practice for managing volunteers
- ▶ reviewing financial processes
- ▶ making a compelling business case
- ▶ running sessions on marketing and social media
- ▶ planning for a community fun day

We also continued our commitment to help with outdoor tasks such as planting and pruning, clearing and coppicing which gardens and woodlands regularly need throughout the year.

More than half of our staff has been involved in these volunteering activities. We continue to provide opportunities for team-building and working together in different ways than more usually determined by our work. There has also been opportunity for personal development, employing skills in what is a new area for some, and helping to advance the significant ways that the Third Sector contributes to and enhance our communities and environment.

The value of our support has been endorsed by the two organisations who have each provided very positive feedback to us.

Appendix A – Our use of LGA grant

Introduction

Since its creation, Local Partnerships has received a grant from the LGA, drawn from the grant the LGA receives from MHCLG.

Principles and value

The principles agreed with the LGA are such that grant should be utilised to deliver:

- ▶ activities that are predominately free at the point of delivery to English councils
- ▶ activities that are aligned with LGA priorities
- ▶ the development of new programmes and services with the potential to add significant value to local government

We also apply an underlying principle that for every £1 spent using the grant, £12 should be saved by councils.

The value of the grant has been steadily declining from £2.5 million in 2010-11 to £1 million in 2017-18. For 2018-19 we are budgeting on a further reduction to £900,000.

The remainder of this report:

- ▶ provides detail of how Local Partnerships has used its 2017-18 grant
- ▶ outlines the broad areas of activity that we will undertake in 2018-19

Local Partnerships' LGA grant activities in 2017-18

The tables on the following nine pages summarise the scope and range of activities we have undertaken in 2017-18. As in previous years, we have sought to achieve a blend of activity that:

Helps councils save money and meets our overall £12 million savings target. Our work on PFI programmes, regional waste studies and Re:fit have helped us meet this target

Meets our owners' priorities. Our work on local government shared services and housing are good examples of this

Assists in the development of new services and programmes with the aim of creating a pipeline of future revenue streams. Our projects on local energy and social housing fall in this category

Assurance

Activity	Description	Number of councils	Savings achieved
IAT Improvement	We updated and expanded the Local Partnerships Internal Assurance Toolkit (IAT) library of documents and our Assurance training material. We have also updated and added further data on new and existing reviewers to our database.	20	n/a
New Assurance interactive products	We have designed, successfully piloted and rolled out two new Assurance products; the Delivery Capability Status (DCS) tool and the Assurance Risk Assessment (ARA) tool. Both have interactive versions which have been loaded onto the Local Partnerships website free for use by all authorities. Feedback on their use in workshops has been positive.	10	n/a
Reviewer training	We have delivered five Assurance training workshops and trained 72 people.	15	n/a
Capability training	New modules on Programme Management, Business Cases, Risk and Stakeholder Management as well as a range of new Project Sponsor training materials for workshops. Initial feedback has been very positive from Birmingham CC and the 40+ people trained.	5	n/a

Re:fit

Activity	Description	Number of councils	Savings achieved
Re:fit Programme Delivery	Support to deliver the National Re:fit Programme.	11 councils actively participating in the programme. 6 new clients this year.	Aggregated savings for these organisations is estimated at £2.67 million per annum. Annual carbon savings of 11,888 tonnes CO ₂ per annum. Annual energy savings of 27,544,553 kWh/per annum.
Local Energy	Development of the Energy Assessment & Strategy Tool (EAST) to help councils look across their full range of services and functions and identify climate and energy considerations.	3 councils involved with EAST development and delivery. 2 councils have been involved with workshops.	n/a

Local government shared services

Activity	Description	Number of councils	Savings achieved
Breckland, South Holland and Kings Lynn & West Norfolk Councils	Assisting the councils undertake an appraisal of various options for closer working.	3	Work in progress
West Somerset/ Taunton Deane	We undertook an Assurance Review of the Councils' proposal to transform their services including full merger.	2	Circa £1 million per annum
Torbay Council	We delivered a Business Case for strategic partnerships with neighbouring councils.	5	Circa £2.5 million per annum

Waste

Activity	Description	Number of councils	Savings achieved
Regional case study	Publication of the 7th regional case study, focused on the East Midlands, to identify efficiencies and innovations made by authorities in waste services.	16	Circa £7.5 million per annum
Development of support networks	We are developing a support network for councils that currently do not receive access to Defra WIDP Network Group.	30 – 50	Work in progress
South West Devon Waste Partnership	We are working with councils in the South West Devon Waste Partnership on the feasibility and impact of introducing a food waste collection service where a high efficiency Energy from Waste Facility currently receives some of the partners' food waste.	3	n/a
Support to the NIC	We have provided support to the National Infrastructure Commission to assist their exploration of future waste infrastructure needs.	n/a	n/a

Housing

Activity	Description	Number of councils	Savings achieved
Sheffield	We provided options for the council to engage with the Teaching Hospital NHS Trust and the two universities on the provision of key worker housing to support their current for future workforce needs.	1	n/a
Lincolnshire	We provided a methodology for generating a Growth Board led Housing Deal, together with early consensus building between councils on shared objectives.	8	n/a
Greater Manchester	We provided capacity and capability to enable the delivery of housing development schemes, together with detailing mapping of capacity deficits.	10	n/a
Kirklees	We defined a blended package of 10 council-owned brownfield sites, undertook soft market engagement, and advised on routes to market.	1	n/a

Housing

Activity	Description	Number of councils	Savings achieved
Bradford	We provided capacity and technical expertise to support the Council currently undertaking direct development of housing. This includes the definition of commercial house types for use by the in-house architect team with associated costings; financial appraisals of six sites based on the above house types and costs; preparation of a house-type booklet; a methodology for undertaking site appraisal of the Council's land; and the subsequent application of that methodology to identify six sites with the potential to form the next pipeline of housing sites for the continued direct development of housing.	1	n/a
Social housing	We developed an updated offer for social housing, taking into account issues in the sector such as the large numbers of local housing companies now looking to scale up with confidence and the statutory duty to prevent homelessness.	n/a	n/a
Housing Delivery Toolkit	We have updated the Housing Delivery Toolkit launched at the LGA conference 2017.	175	n/a

Health and social care

Activity	Description	Number of councils	Savings achieved
Southend	Developed a data modelling approach using national and local health and social care data sets to support the local case for greater integration of services. This is being developed into a potential new module for the LGA Care and Health Improvement Programme.	1	n/a
CHIP team collaboration	Collaboration with the LGA CHIP team to identify the evidence base and metrics to support evaluation of local BCF schemes.	n/a	n/a
Croydon	Work undertaken with Croydon Council to support a high level assessment of the 'micro-market' for wellbeing, health and care.	1	n/a

PPP/PFI

Activity	Description	Number of councils	Savings achieved
PFI Refinancing	We have advised on the re-financing of five projects.	6	£11.5 million
PFI Insurance risk share negotiation	We have supported councils through negotiation with the SPC and relevant insurance broker.	4	£2.1 million
PFI training	We are preparing an additional training course focusing on lifecycle and hand back/contract expiry issues.	n/a	n/a

Procurement

Activity	Description	Number of councils	Savings achieved
LGA's National Advisory Group (NAG) for Local Government	<p>Delivering two workshops jointly with the LGA on aspects of its "<i>Energising Procurement: Energy Procurement Strategy</i>" at the LGA's procurement showcase event where the strategy was launched.</p> <p>Developing a know-how piece on the steps local authorities can take to protect themselves in the tender process following the collapse of Carillion.</p> <p>Reviewing and feeding back comment on NAG strategy papers.</p>	n/a	n/a

Proposed activity in 2018-19

This section sets our proposed broad areas of activity in 2018-19. As in previous years it will focus on activities which help councils save money and to develop new service offerings.

Devolution/unitary support

We will support those councils who wish to explore unitary or merged council or shared service options.

Housing

We will support councils in the early development of housing deals.

We will support councils to establish/scale up the development of local housing companies.

We will support combined authorities in the co-ordination and delivery of their housing deal programmes.

We will develop our social housing offer through:

- ▶ housing vehicle options appraisals
- ▶ an assurance offer to existing housing companies
- ▶ support in estate regeneration projects
- ▶ new council housing and energy programmes

Infrastructure

We will support at least one combined authority in the development of an infrastructure strategy.

Commercialisation

We will develop and undertake corporate reviews of commercialisation programmes.

Digitalisation

We will support at least three councils to develop their local full fibre applications.

Waste

We will conduct further regional waste efficient case studies.

We will work with Combined Authorities to identify waste efficiency opportunities.

We will develop a new waste network group to help identify best practise and savings opportunities.

PFI

We will continue to provide support to councils on PFI efficiency savings.

Re:fit

We will continue to invest in the Re:fit programme enabling councils to make significant savings on their energy spend.

Health and social care

We will, through pilot programmes, develop our offer to councils in this area.

Proposed activity in 2018-19 – balance of spend

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



- Devolution support
- Waste
- Re:fit
- Housing support
- PFI support
- Other



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