

LOCAL GOVERNMENT ASSOCIATION (PROPERTIES) LIMITED
(a company limited by guarantee)

LOCAL GOVERNMENT ASSOCIATION (PROPERTIES) LIMITED
(a UK Registered company limited by guarantee)
Company Registration No. 03487186

Report and Financial Statements
for the year ended 31 March 2017

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LOCAL GOVERNMENT ASSOCIATION (PROPERTIES) LIMITED
(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS 2017

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LOCAL GOVERNMENT ASSOCIATION (PROPERTIES) LIMITED
(a company limited by guarantee)

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Councillor Ian Swithenbank CBE (Chairman)

Councillor David Neighbour

Sarah Pickup LGA, Deputy Chief Executive

Councillor Graham Whitham

Appointed 30 August 2016

Councillor Nicholas Chard

Appointed 3 March 2017

Councillor Philippa Roe

Resigned 1 September 2016

Councillor Adrian Naylor

Resigned 30 August 2016

Anthony Jackson

Appointed 1 September 2016,

Resigned 7 March 2017

SECRETARY

Claire Holloway

REGISTERED OFFICE

Local Government House
Smith Square
London
SW1P 3HZ

BANKERS

Barclays
UK Banking
1 Churchill Place
London
E14 5HP

STATUTORY AUDITOR

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

LOCAL GOVERNMENT ASSOCIATION (PROPERTIES) LIMITED
(a company limited by guarantee)

DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 31 March 2017.

Principal activities

Local Government Association (Properties) Ltd is a Company limited by guarantee. It owns property at Local Government House, Smith Square, London SW1 which is rented to the Local Government Association for the purposes of the Association's and its related entities' business and to third party tenants.

The Company is wholly owned by the Local Government Association.

Business review

The Company's principal business is the rental of the Local Government House property for use by entities controlled by the Local Government Association. A small part of the property was rented to third parties. The Company is currently being refurbished with a view to creating better utilisation of the accommodation for Local Government Association and its related activities.

Future Developments

Once the refurbishment has been completed the Company will be planning on generating extra revenue through leasing 3 floors of the building to third parties.

Principal risks and uncertainties

The principal risk faced by the Company is that its income is largely dependent on sources from within the Local Government Association group of entities. The planned development will reduce this risk. The Company is also managed within a wider business strategy appropriate for the group.

Employees

The Company has no employees.

Political and charitable contributions

The Company did not make any political or charitable donations and did not incur any political expenditure during the year.

Dividends

The articles of the Company do not permit the payment of a dividend.

Provision of information to Auditors

In the case of each of the persons who are directors at the time when the directors' report is approved, the following applies:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

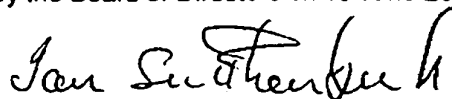
Auditors

PKF Littlejohn LLP has expressed its willingness to continue in office. A resolution proposing the reappointment of PKF Littlejohn LLP will be proposed at the next board meeting.

Status of this Directors' Report

This report is prepared in accordance with the small companies' regime under the Companies Act 2006.

Approved by the Board of Directors on 19 June 2017



Councillor Ian Swithenbank
Signed on behalf of the Board of Directors

LOCAL GOVERNMENT ASSOCIATION (PROPERTIES) LIMITED
(a company limited by guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102).

Under Company law the directors 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

LOCAL GOVERNMENT ASSOCIATION (PROPERTIES) LIMITED
(a company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LOCAL GOVERNMENT ASSOCIATION (PROPERTIES)
LIMITED

We have audited the financial statements of Local Government Association (Properties) Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its deficit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Alastair Duke (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

21 September 2017

LOCAL GOVERNMENT ASSOCIATION (PROPERTIES) LIMITED
(a company limited by guarantee)

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2017

	Note	2017 £000	2016 £000
Income	2	532	1,601
Administrative expenses		(1,927)	(1,204)
OPERATING SURPLUS BEFORE INTEREST	5	<u>(1,395)</u>	<u>397</u>
Interest receivable		5	6
Interest payable	7	(223)	(247)
(Loss)/Gain on revaluation of Property	9	(14,904)	4,293
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(16,517)</u>	<u>4,449</u>

All amounts relate to continuing operations.

There was no Other Comprehensive Income received in either Financial Year.

The accounting policies and notes on pages 9 to 144 form part of these financial statements.

LOCAL GOVERNMENT ASSOCIATION (PROPERTIES) LIMITED
(a company limited by guarantee) - Company Number 03487186

BALANCE SHEET
AS AT 31 MARCH 2017

Company Registration No. 03487186

	Note	2017 £000	2016 £000
FIXED ASSETS			
Tangible assets	8	-	647
Investment Property	9	22,970	35,850
		<u>22,970</u>	<u>36,497</u>
CURRENT ASSETS			
Debtors	10	170	245
Short term Investments	12	3,980	131
Cash at bank and in hand		10	10
		<u>4,160</u>	<u>386</u>
CREDITORS: amounts falling due within one year	13	(1,818)	(3,226)
NET CURRENT ASSETS / (LIABILITIES)		<u>2,342</u>	<u>(2,840)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>25,312</u>	<u>33,657</u>
CREDITORS: amounts falling due after more than one year	14	(21,783)	(13,611)
TOTAL NET ASSETS		<u>3,529</u>	<u>20,046</u>
ACCUMULATED FUNDS			
General Reserve		3,451	5,064
Revaluation Reserve		78	14,982
		<u>3,529</u>	<u>20,046</u>

These financial statements were approved by the Board of Directors on 19 June 2017


Councillor Ian Swithenbank

Signed on behalf of the Board of Directors

The accounting policies and notes on pages 9 to 144 form part of these financial statements.

LOCAL GOVERNMENT ASSOCIATION (PROPERTIES) LIMITED
(a company limited by guarantee)

STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2017

	Retained Earnings	Revaluation Reserve	Total
	£000	£000	£000
Balance at 1st April 2015	4,907	10,689	15,596
Changes in equity for 2015/16			
Surplus for the year	157	-	157
Gain on revaluation of property	-	4,293	4,293
Total comprehensive income for the year	157	4,293	4,450
Balance as at 31st March 2016	5,064	14,982	20,046
Balance at 1st April 2016	5,064	14,982	20,046
Changes in equity for 2016/17			
Surplus for the year	(1,613)	-	(1,613)
Gain on revaluation of property	-	(14,904)	(14,904)
Total comprehensive income for the year	(1,613)	(14,904)	(16,517)
Balance as at 31st March 2017	3,451	78	3,529

LOCAL GOVERNMENT ASSOCIATION (PROPERTIES) LIMITED
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STATEMENT OF CASH FLOWS
Year ended 31 March 2017

	Note	2017 £000	2016 £000
Cash flow from operating activities			
Operating Surplus		(16,517)	4,449
Adjustments for:			
Gain on revaluation of property		14,904	(4,293)
Investment income		(5)	(6)
Interest expense		223	247
Adjustment for Interest Rate Swap liability		(188)	(157)
Depreciation		63	127
Loss on Disposal of Tangible Fixed Assets		584	-
Decrease in debtors		75	91
Increase/(decrease) in creditors		72	(305)
Cash generated from operations		<u>(789)</u>	<u>153</u>
Interest paid		(223)	(247)
Net cash (used)/generated from operating activities		<u>(1,012)</u>	<u>(94)</u>
Cash flow from investing activities			
Interest received		5	6
Expenditure on LGH Redevelopment		<u>(2,024)</u>	<u>(857)</u>
		<u>(2,019)</u>	<u>(851)</u>
Cash flow from financing activities			
Borrowing from LGA		9,000	-
Repayments of borrowings		<u>(2,120)</u>	<u>(800)</u>
		<u>6,880</u>	<u>(800)</u>
Net (Decrease)/Increase in cash		3,849	(1,745)
Cash and cash equivalents at start of the year		<u>141</u>	<u>1,886</u>
Cash and cash equivalents at the end of the year	11	<u>3,990</u>	<u>141</u>

The accounting policies and notes on pages 9 to 14 form part of these financial statements.

LOCAL GOVERNMENT ASSOCIATION (PROPERTIES) LIMITED
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year Ended 31 March 2017

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards, specifically Financial Reporting Standard FRS102. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention modified by the revaluation of the investment property.

Tangible Fixed Assets and Depreciation

Tangible fixed assets were held at historical cost, net of depreciation and provisions for impairment.

Depreciation was provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation of each asset, less any estimated residual value, evenly over its expected useful life. The expected useful lives of the principal categories are:

Fixtures and fittings	15 years
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Investment Property

The freehold land and buildings investment property, Local Government House, has been valued by an independent, external valuer on an open market basis at the Balance Sheet date. In accordance with FRS102 the investment property will be revalued annually with the surplus or deficit transferred to the revaluation reserve.

Fair value is defined, in accordance with the RICS valuation standards, as: "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties each had acted knowledgeably, prudently and without compulsion".

Income

Income represents the amounts receivable as rents and services provided (exclusive of Value Added Tax) and is generated entirely in the UK.

Derivative financial instruments

Interest rate swap agreements, caps and collars are used to manage long-term interest rate exposures. Amounts payable or receivable in respect of these derivatives are recognised as adjustments to the interest expense over the period of the contracts.

Company Status

The Company is limited by guarantee and has no share capital. In the event of a winding up of the company, each member's contribution towards the liabilities is limited to £1.

Going Concern

The financial statements have been prepared on a going concern basis. The Directors consider that the going concern basis is appropriate because the Local Government Association and the related entities from which the Company's income derives have agreed budgets and financial plans which will ensure under present arrangements that the Company recovers the full costs of its operations through recharges. During 2017/18 the company will not fully recover in year costs as a result of income reductions while tenants move to alternate accommodation while building refurbishments are completed. These costs will be recovered in subsequent years via income from group and external tenants.

Debtors

The policy of the Association and the companies it controls is to make partial provision for debts that are over one year old and full provision for debts that are over two years old, subject to exceptions including debt due from related entities, where the policy is not to make provision. Old debt is periodically reviewed for write-off. In the year to 31 March 2017, no debts were written off as irrecoverable.

LOCAL GOVERNMENT ASSOCIATION (PROPERTIES) LIMITED
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year Ended 31 March 2017

2. INCOME

The Company's turnover comprises rent on its freehold building receivable from its controlling entity, the Local Government Association, the LGA's subsidiary company the Improvement & Development Agency (IDeA) and also from external tenants. In accordance with the original lease dated 21 January 2000, the rent charged to the Local Government Association is the greater of £50,000 and the amount required to cover the cost of insuring and servicing the mortgage loans on it.

3. DIRECTORS' EMOLUMENTS

No directors received emoluments during the current or preceding financial year in respect of their services to the Company.

4. STAFF INFORMATION

The Company did not have any employees during the current or preceding financial year.

5. OPERATING SURPLUS

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Operating (deficit)/surplus is after charging:		
Depreciation	63	127
Loss on Disposal of Tangible Fixed Assets	584	.
Auditors' remuneration		
- audit fee	4	4

6. INTEREST PAYABLE

	2017 £000	2016 £000
Barclays loan	100	187
Local Government Association loan	113	60
	223	247

7. TAXATION

The Company is exempt from tax on its income and gains by virtue of its status as a Local Authority Association under Section 519(3) of the Taxes Act 1988. It is exempt from capital gains tax under Section 271(3) of the Taxation of Chargeable Gains Act 1992.

LOCAL GOVERNMENT ASSOCIATION (PROPERTIES) LIMITED
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year Ended 31 March 2017

8. TANGIBLE FIXED ASSETS

Fixtures and Fittings	Fixtures and fittings £000
Cost	
At 1 April 2016	1,901
Additions	-
Disposals	(1,901)
At 31 March 2017	-
Depreciation	
At 1 April 2016	(1,254)
Charge for year	(63)
Disposals	1,317
At 31 March 2017	-
Net book value	
At 31 March 2017	-
At 31 March 2016	647

9. INVESTMENT PROPERTIES

	2017 £000	2016 £000
Brought forward valuation	35,850	30,700
Unrealised (loss)/gain on revaluation	(14,904)	4,293
Capitalised items	2,024	857
Carried forward valuation	22,970	35,850

Local Government House is treated as an Investment Property under FRS102 being mainly leased to group companies, as well as third parties at a commercial rate on an arm's length basis.

The Company's interest in the property was externally valued at £23million as at 31 March 2017 by Farebrother Chartered Surveyors. The market value of the freehold interest in the property was arrived at primarily after consideration of market evidence for similar properties.

10. DEBTORS

	2017 £000	2016 £000
Trade debtors	1	78
Due from related entities	6	165
Other Debtors	163	2
	170	245

LOCAL GOVERNMENT ASSOCIATION (PROPERTIES) LIMITED
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year Ended 31 March 2017

11. CASH AND CASH EQUIVALENTS

	2017 £000	2016 £000
Cash at bank and in hand	10	10
Short Term Investments	3,980	131
	<u>3,990</u>	<u>141</u>

12. SHORT TERM INVESTMENTS

Surplus cash balances held by the Company, the companies it controls and related parties are pooled and lent to financial institutions on the Company'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 financial institutions that meet agreed credit ratings criteria and subject to the cash limits (per counterparty) as shown in the Company's Investment Strategy. The Company'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 Company does not expect any losses on short term investments.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £000	2016 £000
Accounts payable and accruals	1,062	249
Other creditors	-	47
Income received in advance	-	8
Bank loans -see note 15	520	700
Loan from Local Government Association	120	1,600
Owed to Related Companies	116	622
	<u>1,818</u>	<u>3,226</u>

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £000	2016 £000
Bank loans	3,640	4,160
Loan from ACC (Properties) Limited	2,000	2,000
Loan from AMA (Properties) Limited	6,200	6,200
Loan from Local Government Association	9,000	120
Barclays Swap Liability	943	1,131
	<u>21,783</u>	<u>13,611</u>

A £9million loan agreement was created in March 2017 at a rate of 3.24% with the Local Government Association repayable by December 2036.

The inclusion in the above table for Barclays Swap Liability is a requirement of FRS102 to include a value on the balance sheet for the additional Swap agreement liability as at the 31st of March that would be payable if the loan was repaid (See Note 15 below). The movement in the Swap liability between the years £188,000 is reflected in the Statement of Comprehensive Income for the year.

The loans from ACC (Properties) Ltd and AMA (Properties) Ltd are only repayable in the event of the sale of Local Government House. There is no intention to dispose of the property in the foreseeable future.

The loan from ACC (Properties) Ltd bears compound interest at 1.5% above the base rate with payment conditional upon the disposal of the property. The accumulated interest to date on the loan is £2,780 million.

Under an agreement dated 22 January 1998 made between Association of Metropolitan Authorities (Properties) Ltd, Local Government Association (Properties) Ltd and the Association, the AMA property.

LOCAL GOVERNMENT ASSOCIATION (PROPERTIES) LIMITED
(a company limited by guarantee)

NOTES TO THE ACCOUNTS

Year Ended 31 March 2017

Company contributed the net sale proceeds of its former property in Great Smith Street to the purchase of Local Government House by Local Government Association (Properties) Ltd. In recognition of this, authorities in membership of the Local Government Association that were formerly members of the Association of Metropolitan Authorities receive a discount on their membership subscriptions. The discount, originally at the rate of £6,000 per authority, currently stands at £7,965 and increases every five years in line with inflation.

Following a review of the external debt commitments of the Local Government Association and its related entities, a loan agreement was created in July 2010 for £820,000 then due by the Company to the Local Government Association. The loan is repayable in bi-annual instalments of £50,000 over a period of just under 8 years, with a final repayment of £70,000 on 31 March 2018. This loan bears interest at 5% p.a.

15. BANK LOAN AGREEMENT

The Barclays Bank plc loans of £4.16 million are secured against Local Government House. The liability relates to 13% of the current valuation of £22.970 million. The original loan of £13 million, taken out in 2000, is repayable over 25 years in bi-annual instalments of £260,000. Accordingly, instalments totalling £520,000 are included under the heading 'creditors falling due within one year', with the balance of £3.64 million included under the heading 'creditors falling due after more than one year'.

The interest rate strategy of the Company is to align its interest payments with its business structure. As the Company's income is not influenced by changes in short term interest rates, the Company made arrangements for around two-thirds of its original debt to be subject to hedging at a fixed rate and one-third to be hedged at a floating rate within a collar.

The hedging facilities for the two loan tranches originally of £10 million and £3 million were valued at 31 March 2017 as follows:

Instrument	Notional Amount	Maturity Date	Trade Date	Mark to Market Value Notional (Gain)/Loss
Tranche 1	£000			£000
CAP/CMPLX	1,067	21/01/2025	27/01/2000	222
SWAP	2,133	21/01/2025	27/01/2000	508
Total	3,200		Net Notional Loss	730
Tranche 2	£000			£000
CAP/CMPLX	320	21/01/2025	13/07/2000	65
SWAP	640	21/01/2025	13/07/2000	148
Total	960		Net Notional Loss	213
Combined total	4,160		Net Notional Loss	943

16. CONTROLLING ENTITY

The controlling entity is the Local Government Association and the registered office is Local Government House, Smith Square, London, SW1P 3HZ.

LOCAL GOVERNMENT ASSOCIATION (PROPERTIES) LIMITED
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year Ended 31 March 2017

17. CAPITAL AND OTHER COMMITMENTS

	2017 £000	2016 £000
Contracts for future capital expenditure not provided in the financial statements	116	-
	<u>116</u>	<u>-</u>

18. RELATED PARTIES

The Company had the following transactions with related parties:

	Value of related party transactions in year 2017 exp / (inc) £000	Outstanding balance at 31 March 2017 dr / (cr) £000	Value of related party transactions in year 2016 exp / (inc) £000	Outstanding balance at 31 March 2016 dr / (cr) £000
Local Government Association	(262)	(112)	(416)	(441)
Local Government Association - Loans	(7,400)	(9,120)	-	(1,720)
Improvement and Development Agency	(240)	-	(794)	(15)
Local Partnerships	(57)	2	-	-
The Leadership Centre	(24)	1	-	-

The transactions between these companies are a result of rental and other day to day activity recharges.

19. POST BALANCE SHEET EVENTS

The directors are not aware of any material post balance sheet events.

THE LOCAL GOVERNMENT MANAGEMENT BOARD
(a company limited by guarantee)

THE LOCAL GOVERNMENT MANAGEMENT BOARD
(a UK Registered company limited by guarantee)
Company Registration No. 2553768

Report and Financial Statements
for the year ended 31 March 2017

THE LOCAL GOVERNMENT MANAGEMENT BOARD
(a company limited by guarantee)

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THE LOCAL GOVERNMENT MANAGEMENT BOARD
(a company limited by guarantee)

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Councillor Ian Swithenbank CBE (Chairman)

Councillor David Neighbour

Councillor Graham Whitham

(Appointed 29 August 2016)

Nicholas Chard

Sarah Pickup - LGA, Deputy Chief Executive

Adrian Naylor

(Resigned 30 August 2016)

Anthony Jackson

(Resigned 7 March 2017)

SECRETARY

Claire Holloway

REGISTERED OFFICE

Local Government House
Smith Square
London
SW1P 3HZ

BANKERS

Barclays
UK Banking
1 Churchill Place
London
E14 5HP

STATUTORY AUDITORS

PKF Littlejohn LLP
1 West ferry Circus
Canary Wharf
London
E14 4HD

THE LOCAL GOVERNMENT MANAGEMENT BOARD

(a company limited by guarantee)

DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 31 March 2017.

Principal activities

The Local Government Management Board is a company limited by guarantee. It owns property at Layden House, Turnmill Street, London EC1.

Business review

The Company's principal business is the rental of its property to third party tenants.

Future Developments

Following a detailed options appraisal, the board has agreed to the refurbishment of Layden House from 2017 in order to increase both the capital value of the building and its income base. The building was vacant of tenants as at 1 April 2016. From October 2016 the entities controlled by the Local Government Association then temporarily decanted over from Local Government House whilst it is being refurbished. Once Local Government House is complete the redevelopment project for Layden House will commence in the autumn of 2017.

Principal risks and uncertainties

The principal risk currently faced by the Company is that its income depends on the successful marketing of its property to good quality tenants. It is therefore exposed to fluctuations in the commercial property market.

The planned refurbishment of Layden House is also subject to risks relating to the eventual marketability of the building and the costs of refurbishment. These risks will be closely managed through the continuous review of the viability of the refurbishment.

Employees

The company has no employees.

Political and charitable contributions

The Company made no political or charitable donations and incurred no political expenditure during the year.

Dividends

The articles of the Company do not permit the payment of a dividend.

THE LOCAL GOVERNMENT MANAGEMENT BOARD
(a company limited by guarantee)

DIRECTORS' REPORT

Provision of information to Auditors

In the case of each of the persons who are directors at the time when the directors' report is approved, the following applies:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.


Auditors

PKF Littlejohn LLP has expressed its willingness to continue in office. A resolution proposing the reappointment of PKF Littlejohn LLP will be proposed at the next board meeting.

Status of this Directors' Report

This report is prepared in accordance with the small companies' regime under the Companies Act 2006.

Approved by the Board of Directors on 19th June 2017



Councillor Ian Swithenbank

Signed on behalf of the Board of Directors

THE LOCAL GOVERNMENT MANAGEMENT BOARD
(a company limited by guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law the directors 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE LOCAL GOVERNMENT MANAGEMENT BOARD
(a company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE LOCAL GOVERNMENT MANAGEMENT BOARD

We have audited the financial statements of the Local Government Management Board Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

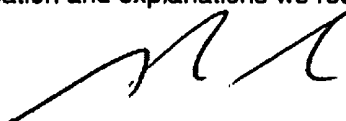
Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 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
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Alastair Duke (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory auditor

21 September 2017



1 Westferry Circus
Canary Wharf
London E14 4HD

THE LOCAL GOVERNMENT MANAGEMENT BOARD
(a company limited by guarantee)

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2017

	Note	2017 £000	2016 £000
Income	2	394	892
Administrative expenses		(1,153)	(974)
OPERATING (DEFICIT)/SURPLUS BEFORE INTEREST	5	(759)	(82)
Interest receivable		1	1
Interest payable	6	(102)	(45)
Gain on revaluation of investment property	8	2,024	2,932
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,164	2,806

All amounts relate to continuing operations.

There was no Other Comprehensive Income received in either Financial Year.

The accounting policies and notes on pages 10 to 14 form part of these financial statements.

THE LOCAL GOVERNMENT MANAGEMENT BOARD
(a company limited by guarantee)

BALANCE SHEET
As at 31 March 2017

Company Registration No. 2553768

	Note	2017 £000	2016 £000
FIXED ASSETS			
Investment property	8	28,175	25,800
		<u>28,175</u>	<u>25,800</u>
CURRENT ASSETS			
Debtors	9	203	45
Short term investments	11	2,427	684
Cash at bank and in hand		10	10
		<u>2,640</u>	<u>739</u>
CREDITORS: amounts falling due within one year	0	(214)	(3102)
NET CURRENT ASSETS/(LIABILITIES)		<u>2,426</u>	<u>(2,363)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>30,601</u>	<u>23,437</u>
CREDITORS: amounts falling due after more than one year	13	(6,000)	-
TOTAL NET ASSETS		<u>24,601</u>	<u>23,437</u>
ACCUMULATED FUNDS			
General Reserve		2,908	3,768
Revaluation Reserve		21,693	19,669
		<u>24,601</u>	<u>23,437</u>

These financial statements were approved by the Board of Directors on 19 June 2017.



Councillor Ian Swithenbank

Signed on behalf of the Board of Directors

The accounting policies and notes on pages 10 to 14 form part of these financial statements.

THE LOCAL GOVERNMENT MANAGEMENT BOARD
(a company limited by guarantee)

STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2017

	Retained Earnings £000	Revaluation Reserve £000	Total £000
Balance at 1st April 2015	3,894	16,737	20,631
Changes in equity for 2015/16			
Deficit for the year	(126)	-	(126)
Gain on revaluation of property	-	2,932	2,932
Total comprehensive income for the year	(126)	2,932	2,806
Balance as at 31st March 2016	3,768	19,669	23,437
Balance at 1st April 2016	3,768	19,669	23,437
Changes in equity for 2016/17			
Deficit for the year	(860)	-	(860)
Gain on revaluation of property	-	2,024	2,024
Total comprehensive income for the year	(860)	2,024	1,164
Balance as at 31st March 2017	2,908	21,693	24,601

The accounting policies and notes on pages 10 to 14 form part of these financial statements.

THE LOCAL GOVERNMENT MANAGEMENT BOARD
(a company limited by guarantee)

STATEMENT OF CASHFLOWS
Year ended 31 March 2017

	Note	2017 £000	2016 £000
Cash flow from operating activities			
Operating Surplus		1,164	2,806
Adjustments for:			
Gain on revaluation of Property		(2,024)	(2,932)
Investment income		(1)	-
Interest expense		102	45
Decrease in Debtors		(158)	348
Increase/(decrease) in Creditors		(388)	247
Cash generated from operations		(1,305)	514
Interest Paid		(102)	(45)
Net cash generated/(used) from operating activities		(1,407)	469
 Cash flow from investing activities			
Repayment of Borrowings		1	1
Expenditure on LH Redevelopment		(351)	(868)
		(350)	(867)
 Cash flow from financing activities			
Borrowing from LGA		6,000	1,000
Repayment of borrowings		(2,500)	-
		3,500	1000
 Net Increase/(Decrease) in cash		1,743	602
Cash and cash equivalents at start of the year		694	92
Cash and cash equivalents at the end of the year	10	2,437	694

The accounting policies and notes on pages 10 to 14 form part of these financial statements.

THE LOCAL GOVERNMENT MANAGEMENT BOARD
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year Ended 31 March 2017

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards, specifically Financial Reporting Standard FRS102. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention modified by the revaluation of the investment property.

Income

Income represents the amount receivable as rents and services provided (excluding Value Added Tax), and is generated entirely in the UK.

Going Concern

The financial statements have been prepared on a going concern basis. The Directors consider that the going concern basis is appropriate because the Company's future income will be delivered from leases with good quality tenants, on a property that is located in Farringdon. The company plans during 2017 and 2018 to refurbish Layden House to coincide with the opening of Crossrail in 2018, with a view to more than doubling both its capital and rental value. The company have assessed that the income from the future leases will be sufficient to fund the full costs of the company's operations for the foreseeable future. This includes the necessary loan costs to fund the development period for the refurbishment works.

Investment Property

The freehold land and buildings investment property, Layden House, has been valued by an independent, external valuer on an open market basis at the Balance Sheet date. In accordance with FRS102 the investment property will be revalued annually with the surplus or deficit transferred to the revaluation reserve.

Fair value is defined, in accordance with the RICS valuation standards, as: "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties each had acted knowledgeably, prudently and without compulsion".

Debtors

The policy of the Association and the companies it controls is to make partial provision for debts that are over one year old and full provision for debts that are over two years old, subject to exceptions including debt due from related entities, where the policy is not to make provision. Old debt is periodically reviewed for write-off. In the year to 31 March 2017, no debts were written off as irrecoverable.

Company Status

The Company is limited by guarantee and has no share capital. In the event of a winding up of the company, each member's contribution towards the liabilities is limited to £1.

THE LOCAL GOVERNMENT MANAGEMENT BOARD
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2017

2. INCOME

	2017 £000	2016 £000
Rental	394	892
Other	1	-
	<u>395</u>	<u>892</u>

The Company's turnover comprises rent on its freehold building receivable from new short term leases negotiated on an arm's length basis with third party tenants.

3. DIRECTORS' EMOLUMENTS

None of the directors received any emoluments in respect of their services to the Company (2016: nil).

There were no retirement benefits accruing to the directors in respect of services to the Company (2016: nil), nor did any director receive assets or money under any long term incentive scheme.

4. STAFF INFORMATION

The Company had no employees during the current and preceding financial year.

5. OPERATING SURPLUS

	2017 £000	2016 £000
Operating (deficit) is after charging:		
Auditors' remuneration		
- audit fee	<u>4</u>	<u>4</u>

6. INTEREST PAYABLE

	2017 £000	2016 £000
Local Government Association loan	<u>102</u>	<u>45</u>
	<u>102</u>	<u>45</u>

7. CONTINGENT LIABILITY

The Company has sought tax advice and our advisors have confirmed that as a result Layden House being treated as an investment asset, the Company is no longer exempt from tax on its revenue income and gains or capital gains. Discussions are ongoing with HMRC to determine if there is any historic tax liability.

THE LOCAL GOVERNMENT MANAGEMENT BOARD
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2017

8. INVESTMENT PROPERTIES

	2017 £000	2016 £000
Brought forward valuation	25,800	22,000
Unrealised gain on revaluation	2,024	2,932
Capitalised items	351	868
Carried forward valuation	<u>28,175</u>	<u>25,800</u>

Layden House was an Investment Property being leased to third parties at a commercial rate on an arm's length basis at the start of the year. The capitalised items in the table above relate to fees and costs incurred in preparing to develop the property in 2016/17.

The freehold land and building, Layden House, was re-valued at its open market value on a commercial rental use basis. The valuation was performed as at 31 March 2017 by an independent professional valuer, Farebrother Chartered Surveyors.

9. DEBTORS

	2017 £000	2016 £000
Trade debtors	5	6
Due from related entities	196	29
Other debtors	1	4
Prepayments and accrued income	1	6
	<u>203</u>	<u>45</u>

10. CASH AND CASH EQUIVALENTS

	2017 £000	2016 £000
Cash at bank and in hand	10	10
Short Term Investments	2,427	684
	<u>2,437</u>	<u>694</u>

11. SHORT TERM INVESTMENTS

Surplus cash balances held by the Company, the companies it controls and related parties are pooled and lent to financial institutions on the Company'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 financial institutions that meet agreed credit ratings criteria and subject to the cash limits (per counterparty) as shown in the Company's Investment Strategy. The Company'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 Company does not expect any losses on short term investments.

THE LOCAL GOVERNMENT MANAGEMENT BOARD
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2017

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £000	2016 £000
Local Government Association loan	-	2,500
Trade creditors and accruals	39	164
Income received in advance	4	4
Other creditors	-	69
Owed to related entities	171	365
	<u>214</u>	<u>3,102</u>

A loan agreement was created in March 2013 of £1,500,000 and an additional loan in March 2016 of £1,000,000 with the Local Government Association. Both loans have been repaid in March 2017.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £000	2016 £000
Local Government Association loan	6,000	-
	<u>6,000</u>	<u>-</u>

A new loan agreement was created in January 2017 of £6,000,000 at a rate of 3.24% with the Local Government Association repayable by December 2036.

14. CONTROLLING ENTITY

The controlling entity is the Local Government Association and the registered office is Local Government House, Smith Square, London, SW1P 3HZ.

15. RELATED PARTIES

The company had the following transactions with related parties:

	Value of related party transactions in year 2017 exp / (inc) £000	Outstanding balance at 31 March 2017 dr / (cr) £000	Value of related party transactions in year 2016 exp / (inc) £000	Outstanding balance at 31 March 2016 dr / (cr) £000
Local Government Association	451	(15)	371	(365)
Local Government Association – Loans	(3,500)	(6,000)	-	(2,500)
Improvement and Development Agency	(234)	27	(86)	29
Improvement and Development Agency - Loan	-	-	-	-

THE LOCAL GOVERNMENT MANAGEMENT BOARD
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2017

15. RELATED PARTIES (CONTINUED)

	Value of related party transactions in year 2017 exp / (inc) £000	Outstanding balance at 31 March 2017 dr / (cr) £000	Value of related party transactions in year 2016 exp / (inc) £000	Outstanding balance at 31 March 2016 dr / (cr) £000
Local Partnerships	67	9	-	-
PSAA	29	4	-	-

Improvement and Development Agency is a company controlled by the Local Government Association. The transactions with related parties are a result of the Company's property rental business and other day to day activity recharges.

16. POST BALANCE SHEET EVENTS

The directors are not aware of any material post balance sheet events.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

**IMPROVEMENT AND DEVELOPMENT AGENCY
FOR LOCAL GOVERNMENT**
(a UK Registered company limited by guarantee)
Company Registration No. 3675577

Report and Financial Statements
for the Year ended 31 March 2017

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

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**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)**

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Cllr David Simmonds (Chairman)	(resigned 1 September 2016 re-appointed 24 March 2017)
Sir Stephen Bullock	
Cllr John William Nunn	(appointed 1 September 2016)
Richard Priestman	
Philip Sellwood	
Cllr Marianne Overton	
Lord Porter of Spalding CBE	
Cllr David Hodge	(resigned 4 April 2017)
Cllr Gerald Vernon Jackson	

SECRETARY

Dennis Skinner

REGISTERED OFFICE

Local Government House
Smith Square
London
SW1P 3HZ

BANKERS

Barclays
UK Banking
1 Churchill Place
London
E14 5HP

STATUTORY AUDITOR

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

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT (a company limited by guarantee)

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the Year ended 31 March 2017.

Principal activities

The Improvement and Development Agency for Local Government (IDeA) supports improvement and innovation in local government, helping councils take responsibility for their own performance and improvement.

As local government's improvement agency, IDeA provides core services which focus on helping councils work with and learn from each other. The main ways we provide improvement support are through:

- a programme of peer challenges, ensuring we have high quality peers on board, particularly leaders and chief executives
- support to individual councils and groups of councils, especially councils with the most severe performance challenges
- leadership development programmes to councillors and managers
- programmes which support councils in improving their productivity and efficiency
- web-based services so councils can learn from each other and share information on efficiency and innovation.

A year in focus

Over the last few years, local government has had to deal with a greater reduction in funding than any other part of the public sector. Councils have worked hard to shield residents from the impact of funding cuts but efficiencies cannot be re-made.

Our improvement work has been widely used by councils, helping to share innovation and best practice across local government. The IDeA plays a critical role in ensuring the performance of councils, addressing those at risk of underperformance, driving improvement across the sector, supporting councils through significant changes, and supporting strong local leadership. This approach, helping to co-ordinate improvement work on behalf of councils, has enabled them to deliver millions of pounds of savings.

Our approach is based on four key principles:

- councils are responsible for their own performance
- councils are primarily accountable to their local communities
- stronger local accountability and increased transparency drive improvement
- councils have collective responsibility for the performance of local government as a whole.

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)**

DIRECTORS' REPORT

Over the last year, the IDeA has supported local authorities by:

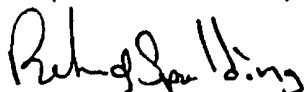
- delivering 119 peer challenges
- providing tailored support to 222 different local authorities
- providing councils localised data through our LG Inform system, helping them to better understand their local communities and providing them with data to help better plan services
- providing support to 34 councils with total projected savings of £26.5m through the Productivity Experts Programme
- providing leadership training for 714 councillors
- supporting a further 122 councils to transform their workforces and modernise the way they are managed
- updating the adult social care risk awareness tool. This is now being used by almost all councils with social care responsibility and will soon be offered to up to 30 councils as a facilitated event if required
- delivering a Health and Wellbeing Chairs Summit, attended by over 60 councillors, and two Leadership Essentials events for new Chairs and Vice Chairs.

The Planning Advisory Service supported every council at risk of designation and those without local plans. We also promoted value for money and productive planning departments.

Phase 5 of the One Public Estate programme (OPE) was launched in January 2017 with an additional 89 councils, bringing the total number of councils supported to 249.

Looking ahead

Our improvement offer to councils will keep spreading good practice. We will continue to work with councils and Government to develop our offer and to secure the funding necessary to underpin our extensive programme of support to councils.



Lord Porter of Spalding CBE

15 June 2017

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT

(a company limited by guarantee)

STRATEGIC REPORT

Principal Activities

The IDeA is wholly owned by the Local Government Association and was incorporated on 27 November 1998. The Company commenced trading on 1 April 1999, taking over some of the trading activities of the Local Government Management Board.

During 2016/17 the LGA continued to streamline its merged operations with those of its associated organisations – the Improvement and Development Agency (IDeA), its two property companies Local Government Management Board (LGMB) and LGA (Properties) Ltd, all three of which are subsidiaries of the LGA.

The shared objective of the LGA, the IDeA and the LGA's other associated organisations is to make an outstanding contribution to the success of local government as the national voice of local government working with and on behalf of the LGA's member authorities to support, promote and improve local government.

In year performance

This has been a successful year for the IDeA with significant progress on all the priorities agreed by the IDeA Board. These priorities were firmly based on the most important issues for local government. In deciding these, we looked at intelligence from councils, a great many of whom are actively involved in the LGA through representatives on our boards and panels, at issues emerging from government or already going through the legislative process, and at the economic and social challenges that impact on local authorities.

We have delivered a satisfactory financial outcome in 2016/17. From 1 April 2016, the Company became the recipient of Direct Government Grant ("DCLG Grant") to pay for improvement services to councils, replacing Revenue Support Grant. Our income from the DCLG Grant and other income including grants has reduced by 9% as compared with the previous year, and we kept costs down at the same time as continuing to deliver on our key priorities and deliver direct support to councils. The IDeA continued to make a significant payment towards its pension fund deficit.

Future Developments

As with many other parts of the public sector, we face a number of financial challenges and are taking steps to ensure that we develop new sources of income as well as continuing to reduce our costs. Our future success will rely heavily on our delivering ever greater value to local government at a time when councils themselves are facing significant reductions in their own funding and are, more than ever, questioning the value of every item of expenditure.

Principal risks and uncertainties

Our arrangements for risk management include the regular review of a strategic risk register with clear responsibilities assigned to named senior officers for the management of the principal risks. These included ensuring that we deliver on our objectives and have impact for councils, ensuring we have effective governance arrangements and financial sustainability, and ensuring we maintain employee capacity and capability. We have also put in place clear governance and project management arrangements for projects designated as being high risk from a financial or operational point view.

Our operations expose us to a variety of financial risks that include ensuring that the funds held by us are, first and foremost, secure; second, that adequate liquidity is maintained so that sufficient funds are always available to meet current liabilities; and third that the best return on investment is obtained subject to achievement of the first two objectives.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT (a company limited by guarantee)

STRATEGIC REPORT

The principal liability of the IDeA other than those arising in ordinary day to day business relates to the pension deficit. The valuation of the IDeA's pension deficit was £86.613 million at 31 March 2017, an increase of £26.904 million from last year. In order to pay off the pension deficit and liabilities for past employees, we are currently making additional contributions of circa £2.5 million per annum (increasing yearly by 0.4%). Actuarial advice indicates that on reasonable long term assumptions, these contributions will be sufficient to eliminate the deficit over a period of 15 years. The LGA's Leadership Board has commissioned further work to investigate ways in which the management of the pension deficit including the IDeA's pension deficit can be improved and has agreed to the refurbishment of Layden House from 2017 as part of this strategy.

Price risk

We have relatively low exposure to price risk. Our employee costs are controlled through formal annual negotiations with employee representatives. Our back office services are now mainly delivered in house, with ICT services delivered through jointly owned company with Brent Council, by Brent ICT team. Other services are procured from a range of external providers through competitive tendering arrangements in line with our formal procurement procedures.

Credit risk

We have a debt management policy and clear credit control procedures which include regular review and follow-up of our trade debtors.

Liquidity risk

Our agreed approach is to manage our revenue budget so as to deliver a balanced budget that does not require a net call on cash for the financial year as a whole. We maintain an adequate level of day to day liquid funds to pay liabilities promptly as they fall due.

Cash flow risk

We have both interest-bearing assets and liabilities. Subject to our liquidity requirements, which are assessed on a weekly basis, surplus funds are deposited in accordance with the Approved Investment Strategy as agreed by the LGA's Leadership Board.

Key performance indicators

We have reviewed the impact of our work and the delivery of our priorities through robust performance management which has included regular reports to the IDeA Board. In addition we have reviewed our own efficiency and effectiveness through a number of key indicators.

We review our financial sustainability by carefully controlling our staff costs. Following a reduction in our core grant funding, over the last two years employee numbers have fallen from 162 employees in the year ended March 2016 to 157 employees in the Year ended 31 March 2017. We continue to monitor employee absence, which has fallen from an average annual number of sick days per employee of 4.2 days in March 2016 to 2.1 days in March 2017.

We continue to pay close attention to the collection of outstanding debt. The percentage of debtors over 12 months was 4 per cent of the total debtors at March 2017.

Environment

We have agreed an environmental policy which includes the commitment to:

- continually reduce waste and increase our recycling rate
- reduce paper use

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

STRATEGIC REPORT

- ensure that procurement of goods and services adheres to our green purchasing and procurement policy
- champion and mainstream consideration of environmental sustainability throughout our outward facing work programmes and services
- comply with all applicable legislation, regulation and with other relevant requirements relating to our environmental impacts.

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements on page 18-19.

Consultation with employees and their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests. Communication with all employees continues through direct briefing and regular use of our intranet.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with us continues and that appropriate support and training is arranged. It is our policy that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not have a disability.

Political and charitable contributions

The IDeA has not made any charitable donations over £2,000 or any political donations or incurred any political expenditure during the year.

Post Balance Sheet Events

There were no post balance sheet events.

Dividends

The articles of the IDeA do not permit the payment of a dividend.

Directors

The names of the directors who served throughout the year and since the year end are set out on page 2.

Provision of Information to Auditors

In the case of each of the persons who are directors at the time when the directors' report is approved, the following applies:

- so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that they Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

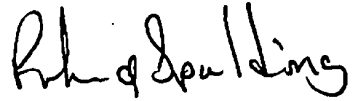
Auditors

PKF Littlejohn LLP has expressed its willingness to continue in office. A resolution proposing the reappointment of PKF Littlejohn LLP will be proposed at the next board meeting.

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)**

STRATEGIC REPORT

Approved by the Board of Directors and signed on behalf of the Board.

A handwritten signature in black ink, appearing to read 'Lord Porter of Spalding'.

Lord Porter of Spalding CBE

15 June 2017

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS
Year ended 31 March 2017

The directors are responsible for preparing the Strategic report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102).

In preparing the financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT **(a company limited by guarantee)**

INDEPENDENT AUDITORS' REPORT **TO THE MEMBERS OF THE IMPROVEMENT AND DEVELOPMENT AGENCY FOR** **LOCAL GOVERNMENT**

We have audited the Financial Statements of Improvement and Development Agency for Local Government Limited for the Year ended 31 March 2017 which comprise of the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flow, the Statement of Changes in Equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. In addition, we read all the financial and non-financial information in the Strategic report and the Directors report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its surplus 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.

**IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)**

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE IMPROVEMENT AND DEVELOPMENT AGENCY FOR
LOCAL GOVERNMENT**

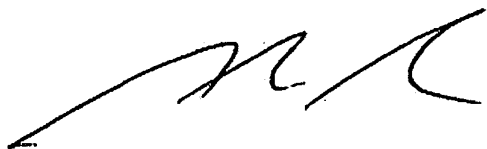
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 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
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Alastair Duke
Senior Statutory Auditor

For and on behalf of
PKF Littlejohn LLP

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

Date: 21 September 2017

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2017

	Note	2017 £000	2016 £000
Income	2	34,610	38,230
Administrative expenses		(33,167)	(39,097)
OPERATING SURPLUS	5	<u>1,443</u>	<u>(867)</u>
Share of joint ventures' distribution to members	7	1,375	1,750
Interest receivable and similar income		175	73
SURPLUS FOR THE YEAR		<u>2,993</u>	<u>956</u>
Other Comprehensive Income			
Actuarial (loss)/gain recognised in respect of the pension fund		(27,375)	15,817
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	6	<u>(24,382)</u>	<u>16,773</u>

All amounts relate to continuing operations.

The accounting policies and notes on pages 15 to 26 form part of these financial statements.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

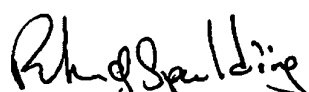
BALANCE SHEET
As at 31 March 2017

Company Registration No. 3675577

	Note	2017 £000	2016 £000
INTANGIBLE ASSETS			
Intellectual Copyright Assets		1	1
LONG TERM DEBTORS			
Loans to Group companies	9	11,000	-
CURRENT ASSETS			
Debtors	8	4,230	3,672
Short term Investments	10	7,925	17,989
Cash at bank and in hand	13	10	392
		<u>12,165</u>	<u>22,053</u>
CREDITORS: amounts falling due within one year	11	(5,736)	(6,982)
NET CURRENT ASSETS		<u>6,429</u>	<u>15,071</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>17,430</u>	<u>15,072</u>
CREDITORS: amounts falling due after more than one year	12	(102)	(42)
PROVISIONS FOR LIABILITIES			
Pension fund deficit	15	(86,613)	(59,709)
Restructuring Provision	14	(222)	(446)
		<u>(86,835)</u>	<u>(60,155)</u>
TOTAL NET LIABILITIES		<u>(69,507)</u>	<u>(45,125)</u>
ACCUMULATED FUNDS			
General Reserve		13,458	13,458
Risk and Contingency Reserve		3,648	1,126
Pension deficit Reserve			
- Pensions Fund Assets		145,471	120,918
- less Defined Liabilities		(232,084)	(180,627)
		<u>(69,507)</u>	<u>(45,125)</u>

These financial statements were approved by the Board of Directors on 15 June 2017

Signed on behalf of the Board of Directors



Lord Porter of Spalding CBE

The accounting policies and notes on pages 15 to 26 form part of these financial statements.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2017

	Risk & Contingency Reserve £000	Pensions Deficit Reserve £000	General Reserve £000	Total £000
Balance at 1 April 2015	-	(75,356)	13,458	(61,898)
Changes in equity for 2015/16				
Surplus for the year	-	-	956	956
Pensions Adjustments in Statement of Consolidated income	-	(170)	170	-
Actuarial gains/loss on defined benefit plans	-	15,817	-	15,817
Total comprehensive income for the year	-	15,647	1,126	16,773
Transfer to Risk and Contingency Reserve	1,126	-	(1,126)	-
Balance as at 31 March 2016	1,126	(59,709)	13,458	(45,125)
Balance at 1 April 2016	1,126	(59,709)	13,458	(45,125)
Changes in equity for 2016/17				
Surplus for the year	-	-	2,993	2,993
Pensions Adjustments in Statement of Consolidated income	-	471	(471)	-
Actuarial gains/loss on defined benefit plans	-	(27,375)	-	(27,375)
Total comprehensive income for the year	-	(26,904)	2,522	(24,382)
Transfer to Risk and Contingency Reserve	2,522	-	(2,522)	-
Balance as at 31 March 2017	3,648	(86,613)	13,458	(69,507)

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

STATEMENT OF CASH FLOWS
Year ended 31 March 2017

	Note	2017 £000	2016 £000
Net cash inflow from operating activities			
Surplus		2,993	956
Adjustments for:			
Investment and dividend income		(1,471)	(1,822)
FRS102 Pension Service Costs		(471)	170
Decrease/(increase) in debtors		(559)	3,002
Increase in long term debtors		(11,000)	-
Increase in creditors		(1,245)	(331)
Increase in provisions		(224)	159
Decrease in creditors due after one year		60	(2)
Net cash generated from operating activities		<u>(11,917)</u>	<u>2,132</u>
 Cash flow from investing activities			
Interest received		96	73
Distribution from Joint Venture		1,375	1,750
		<u>1,471</u>	<u>1,823</u>
 Net (Decrease)/ Increase in cash		(10,446)	3,955
Cash and cash equivalents at the start of the year		<u>18,381</u>	<u>14,426</u>
Cash and cash equivalents at the end of the year		<u><u>7,935</u></u>	<u><u>18,381</u></u>

The accounting policies and notes on pages 15 to 26 form part of these financial statements.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2017

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards, specifically Financial Reporting Standard FRS102. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Subsidiary Undertaking

The Company has one subsidiary, Public Sector Audit Appointments Ltd. Consolidated accounts are not prepared as the Company is itself a subsidiary of the Local Government Association, for which consolidated accounts are prepared. The Company's place of business is Local Government House, 18 Smith Square, London SW1P 3HZ.

The accounts for Public Sector Audit Appointments Limited (PSAA) are not consolidated into these statements or the LGA Consolidated Accounts because neither entity exercises or has the ability to exercise control over PSAA and are not in a position to benefit from its results and financial performance.

Going Concern

The Company has net liabilities, after accounting for the defined benefit pension scheme deficits of £86,613 million as at 31 March 2017. This position includes an actuarial estimate of the pension liabilities at the balance sheet date. The Company pays amounts into the scheme, as prescribed by the actuaries (note 15), in order to eliminate this deficit over a maximum of 15 years. The unfunded pension deficits are being repaid over the remaining lives of the pensioners concerned as detailed in note 15.

The Company receives grant funding from the Department for Communities and Local Government (DCLG) (replacing Revenue Support Grant (RSG) top-slice funding with effect from 1 April 2016). This funding is received on behalf of the Local Government Association and its related bodies. The level of funding has been formally determined by parliament for the year to 31 March 2018. Funding for the Company's principal grant-funded programmes has also been agreed by the funders. This secures the majority of the Company's income for the foreseeable future and the Directors have therefore adopted the going concern basis for the preparation of these accounts.

Investments

Investments are recognised at the lower of cost and net realisable value.

Revenue Recognition

Income

Income represents the amount receivable as grants, subscriptions and for goods sold and services provided (excluding Value Added Tax). Income from dividends due from Joint Ventures is identified separately within the Income and Expenditure account. Note 2 gives further analysis of income which is all generated in the UK.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT

(a company limited by guarantee)

NOTES TO THE ACCOUNTS

Year ended 31 March 2017

Government Grants

Grants are recognised in the Income and Expenditure account when the conditions for receipt have been complied with. Deferred grant income at the year end is included in creditors. The Company receives DCLG Grant which is recognised in the Income and Expenditure account on receipt and Specific Grant which is recognised in the accounts in the period the related activities occur.

Debtors

The policy of the Company is to make partial provision for debts that are over one year old and full provision for debts that are over two years old, subject to exceptions for debt due from related entities, where the policy is not to make provision. Old debt is periodically reviewed for write-off.

Employee benefits

The LGA provides a range of benefits to employees, including paid holiday arrangements and the Local Government Pension Scheme defined benefit plan.

(i) Holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) LGPS Pension costs:

New employees are entitled to membership of the London Borough of Camden Council defined benefit pension scheme. Under the defined benefit plan, pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of liabilities within the defined benefit pension schemes expected to arise from employee service in the period are charged to the income and expenditure account.

The expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time and actuarial gains and losses are recognised in the statement of other comprehensive income as remeasurement of defined benefits pension scheme obligations. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments (included in staff costs). Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs.

Reserves

The Risk and Contingency Reserve has been created to provide cash resources to fund developments that provide opportunities to save costs or generate additional commercial income, fund external loan repayments, and also to cover the potential risks to the IDeA's medium term plans (such as increased pension deficit payments). Contributions to or from this reserve will be identified so that the IDeA budget for each year of the plan is balanced.

Company Status

The Company is limited by guarantee and has no share capital. In the event of a winding up of the Company, each director's contribution towards the liabilities is limited to £1.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

NOTES TO THE ACCOUNTS

Year ended 31 March 2017

2. INCOME

	2017 £000	2016 £000
Government grants	30,237	34,350
Subscriptions	1,270	1,000
Services recharged	2,384	2,257
Other income	719	623
	<u>34,610</u>	<u>38,230</u>

From 1 April 2016, the Company became the recipient of DCLG Grant income replacing Revenue Support Grant. Of the £21.400 million DCLG Grant received in 2016/17 (£23.382 million 2015/16 - RSG), £3.350 million (£5.132 million) was paid to those other bodies under arrangements agreed as part of the Business Plan for the Local Government Association and its related bodies.

3. DIRECTORS' EMOLUMENTS

The directors received emoluments during the year in respect of their services to the Company as follows.

	2017 £000	2016 £000
Total emoluments	98	10
Emolument of the chairman and highest paid director	<u>7</u>	<u>1</u>

No director is an active member of the pension scheme (2016: nil), nor did any director receive assets or money under any long term incentive scheme.

All directors have been transferred to the LGA payroll since 2013. The balance is recharged from LGA and is in relation to the ring-fenced pensions activity - advice and conferences on pensions that is allocated to the relevant cost centres and Negotiations as this is where the budget sits to pay for these costs.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2017

4. STAFF INFORMATION

Staff information for the Company is as follows:

	2017	2016
	No.	No.
Average number of persons employed		
Administration	<u>157</u>	<u>162</u>
	£000	£000
Staff costs during the year		
Wages and salaries	8,574	8,880
Social security costs	1,009	878
Pension costs – cash payable by employer	1,465	1,530
Pension deficit payments	3,076	2,968
Pension costs – current service costs less contributions	(2,548)	(2,295)
<u>Less income from secondments</u>	<u>(441)</u>	<u>(531)</u>
	<u>11,135</u>	<u>11,430</u>
Staff Related Costs		
Agency, freelance and secondment costs	704	777
Redundancy payments and provision	(35)	400
Travel, subsistence and staff expenses	739	563
Recruitment costs	86	48
Training costs	23	29
Other personnel costs	<u>15</u>	<u>6</u>
	<u>1,532</u>	<u>1,823</u>
Total	<u>12,667</u>	<u>13,253</u>

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

NOTES TO THE ACCOUNTS

Year ended 31 March 2017

4. STAFF INFORMATION (CONTINUED)

Details of the remuneration of the Company's senior staff are given below.

	2017		2016	
	Salary	Employer Pension Contribution	Salary	Employer Pension Contribution
Andrew Webster – Associate Director of Health	-	-	92,900	16,443

Andrew Webster served as Associate Director of Health until 22 November 2015.

The above position title is an internal job title. The individual concerned was not a director of the Company within the meaning of the Companies Act 2006.

The numbers of the Company's other staff receiving remuneration of £50,000 or more were as follows:

	2017	2017	2016	2016
	Salaries + Redundancy Costs	Salaries Only	Salaries + Redundancy Costs	Salaries Only
£50,000 - £54,999	3	3	4	3
£55,000 - £59,999	7	7	6	6
£60,000 - £64,999	14	13	13	13
£65,000 - £69,999	13	13	19	18
£70,000 - £74,999	17	17	15	15
£75,000 - £79,999	5	5	1	1
£80,000 - £84,999	1	1	3	3
£85,000 - £89,999	-	-	-	-
£90,000 - £94,999	-	-	4	4
£95,000 - £99,999	5	5	5	5
£100,000 - £104,999	4	4	2	1
£105,000 - £109,999	1	1	-	-
£110,000 - £114,999	-	-	-	-
£115,000 - £119,999	-	-	3	3
£120,000 - £124,999	-	-	-	-
£125,000 - £129,999	-	-	1	1

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2017

5. OPERATING SURPLUS

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Operating surplus is after charging:		
Auditors' remuneration		
- audit fee	<u>15</u>	<u>15</u>
- non audit services	<u>3</u>	<u>3</u>

6. TAXATION

The Improvement and Development Agency for Local Government is exempt from tax on its income and gains by virtue of its status as a Local Authority Association under Section 519(3) of the Taxes Act 1988. It is exempt from capital gains tax under Section 271(3) of the Taxation of Chargeable Gains Act 1992.

7. INVESTMENTS

Geoplace LLP

Under an agreement dated 17 November 2010, the Secretary of State for Communities & Local Government, acting through Ordnance Survey, entered into an agreement (the LLP Members' Agreement) with Improvement and Development Agency for Local Government (IDeA) and the Local Government Association, for the formation of a new joint venture, the limited liability partnership GeoPlace LLP. Ordnance Survey and IDeA each contributed £1 by way of equity capital. The distributable profits of GeoPlace LLP are allocated 25% to IDeA and 75% to Ordnance Survey. GeoPlace LLP commenced trading on 1 April 2011 and has traded profitably in the years to 31 March 2017. The company received a dividend of £1,375m in 2016/17 (£1,750m in 2015/16).

Public Sector Audit Appointments Ltd

The company is a wholly owned subsidiary and in normal circumstances would be consolidated. The board has approved that IDeA does not consolidate PSAA's numbers into its accounts for the following reasons:

- The LGA/IDeA do not control the entity - the IDeA appointed the first director, the rest has been down to the company itself.
- The Group is not able to share in assets or profits of the company, and surplus funds at the end of the arrangement with DCLG must be returned to the clients, as outlined in the memorandum of understanding.
- To enable the LGA/IDeA statements to show a true and fair view, in particular adding an expected £65.2m to both income and expenditure which would give the impression that the group and IDeA are much larger organisations than they really are.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2017

8. DEBTORS

	2017	2016
	£000	£000
Trade debtors	2,906	2,477
Due from related entities	388	133
Other debtors	176	63
Prepayments and accrued income	760	999
	<u>4,230</u>	<u>3,672</u>

9. LONG TERM DEBTORS

	2017	2016
	£000	£000
Loan to related party - LGA	11,000	-
	<u>11,000</u>	<u>-</u>

On 1 January 2017, a loan of £11m was issued to LGA bearing interest of 2.94% per annum. The Loan is repayable on 31 December 2036.

10. SHORT TERM INVESTMENTS

Surplus cash balances held by the Company, the companies it controls and related parties are pooled and lent to financial institutions on the Company'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 financial institutions that meet agreed credit ratings criteria and subject to the cash limits (per counterparty) as shown in the Company's Investment Strategy. The Company'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 Company does not expect any losses on short term investments.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£000	£000
AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors and accruals	2,200	2,577
Income received in advance	3,028	2,894
Other Creditors	473	737
Owed to related entities	35	774
	<u>5,736</u>	<u>6,982</u>

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2017

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017 £000	2016 £000
Deferred Income	<u>102</u>	<u>42</u>

13. NOTES TO THE STATEMENTS OF CASH FLOWS

Cash and Cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	10	392
Short Term Investments	<u>7,925</u>	<u>17,989</u>
	<u><u>7,935</u></u>	<u><u>18,381</u></u>

14. PROVISIONS FOR LIABILITIES

	2017 £000	2016 £000
Balance at 1 April	446	286
Arising during year	222	446
Utilised during year	<u>(446)</u>	<u>(286)</u>
Balance at 31 March	<u><u>222</u></u>	<u><u>446</u></u>

The provision as at 31 March 2017 relates entirely to redundancy costs and pensions settlement. The LGA Group has undertaken further restructuring of its organisation in order to streamline its processes and deal with a significant reduction in funding. This provision has been set up to cover the further cost of voluntary redundancies which have been agreed with members of staff.

15. PENSION COMMITMENTS

Employees of the Improvement and Development Agency for Local Government may participate in the London Borough of Camden Pension fund, part of the Local Government Pension Scheme, a defined benefit statutory scheme. The fund is administered by the Borough Council in accordance with the Local Government Pension Scheme Regulations 1997.

The most recent formal actuarial reviews in relation to the funds were at 31 March 2016. The actuarial assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. The assumptions made by the actuaries, Hymans Robertson for the Camden funds are stated below. The next Triennial valuation as at 31 March 2019 will take place during the Financial Year 2019-20.

The projected unit method of valuation was used to calculate the service costs in accordance with FRS 102.

Investment returns

The return on the Fund in market value terms for the year to 31 March 2017 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2017

15 - PENSION COMMITMENTS (CONTINUED)

Actual return for period from 1 April 2016 to 31 December 2016	16.3%
Estimated return for period from 1 April 2016 to 31 March 2017	21.9%

Major categories of plan assets as a percentage of total plan assets

	At year end 31 March 2017	At year end 31 March 2016
	% p.a.	% p.a.
Equities	78%	75%
Bonds	11%	13%
Property	9%	11%
Cash	2%	1%

a) Actuarial assumptions

The assumptions used by the actuary were:

	At year end 31 March 2017	At year end 31 March 2016
	% p.a.	% p.a.
Inflation/pension increase rate	2.4%	2.2%
Salary increase rate	3.0%	4.2%
Discount rate	2.6%	3.5%
Expected return on assets		
Mortality Rates*	Years	Years
Current Pensioners – Male	22.0	22.0
Current Pensioners – Female	24.1	24.4
Future Pensioners – Male	23.9	24.3
Future Pensioners – Female	26.1	26.8

*Mortality rate is the assumption for the life expectancy of a current pensioner aged 65 or for a future pensioner (now aged 45) in 20 years time.

Balance sheet	31 March 2017	31 March 2016
	£000	£000
Fair value of employer assets	145,471	120,918
Present value of funded liabilities	(224,444)	(173,513)
Net underfunding in funded plans	(78,973)	(52,595)
Present value of unfunded liabilities	(7,640)	(7,114)
Net liability	(86,613)	(59,709)

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2017

15 - PENSION COMMITMENTS (CONTINUED)

Recognition in the Statement of Comprehensive Income

	Year to 31 March 2017 £000	Year to 31 March 2016 £000
Current service cost	(2,006)	(2,528)
Interest income on plan assets	4,228	3,891
Interest cost on defined benefit obligation	(6,273)	(6,268)
Past service cost/(gain)	(32)	(88)
Total	(4,083)	(4,993)
	2017 £000	2016 £000
Reconciliation of defined benefit obligation		
Opening defined benefit obligation	180,627	196,150
Current service cost	2,006	2,528
Interest cost	6,273	6,268
Contribution by members	737	776
Actuarial losses/(gains)	47,751	(21,216)
Past service cost/(gains)	32	88
Estimated unfunded benefits paid	(440)	(434)
Estimated benefits paid	(4,902)	(3,533)
Closing defined benefit obligation	232,084	180,627
	2017 £000	2016 £000
Reconciliation of fair value of employer assets		
Opening fair value of employer assets	120,918	120,794
Expected return on assets	4,228	3,891
Contributions by members	737	776
Contributions by the employer	4,114	4,389
Contributions in respect of unfunded benefits	440	434
Actuarial gains/(losses)	20,376	(5,399)
Unfunded benefits paid	(440)	(434)
Benefits paid	(4,902)	(3,533)
Closing fair value of employer assets	145,471	120,918

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2017

15 - PENSION COMMITMENTS (CONTINUED)

AMOUNTS FOR THE CURRENT AND PREVIOUS ACCOUNTING PERIODS

	Year to 31 March 2017 £000	Year to 31 March 2016 £000	Year to 31 March 2015 £000	Year to 31 March 2014 £000	Year to 31 March 2013 £000
Fair value of employer assets	145,471	120,918	120,794	107,992	105,995
Present value of defined benefit obligation	(232,084)	(180,627)	(196,150)	(166,170)	(144,969)
Surplus /(deficit)	(86,613)	(59,709)	(75,356)	(58,178)	(38,974)
Experience gains/(losses) on assets	20,375	(5,399)	4,230	7,925	(2,240)
Experience gains/(losses) on liabilities	-	-	1,451	140	5,816

The estimated employer's contributions for the year to 31 March 2018 is £3.761 million.

16. CONTROLLING ENTITY

The controlling entity is the Local Government Association and the registered office is Local Government House, Smith Square, London, SW1P 3HZ.

17. RELATED PARTIES

The Company had the following transactions with related parties:

	Value of related party transactions in year 2017 exp / (inc) £000	Outstanding balance at 31 March 2017 dr / (cr) £000	Value of related party transactions in year 2016 exp / (inc) £000	Outstanding balance at 31 March 2016 dr / (cr) £000
Local Government Association (LGA)	(5,869)	11,374	7,814	(833)
Local Government Association Properties (LGAP)	240	-	794	15
Local Government Management Board (LGMB)	234	(27)	86	(29)
Local Partnerships	1,292	5	1,512	-
Public Sector Audit Appointments Limited (PSAA)	-	-	-	-
Geoplace LLP	(1,375)	-	(1,750)	-

All companies are controlled by the LGA entity. The transactions between these companies are a result of the shared service costs, property rental charges, DCLG Grant shared funding transfers and other day to day activity recharges.

IMPROVEMENT AND DEVELOPMENT AGENCY FOR LOCAL GOVERNMENT
(a company limited by guarantee)

NOTES TO THE ACCOUNTS
Year ended 31 March 2017

18. POST BALANCE SHEET EVENTS

The Board are not aware of any post balance sheet events.

19. CONTINGENT LIABILITIES

In 2006, the Company placed funds on deposit in an Escrow account to provide security for the performance by C-NLIS of its obligations to the London Borough of Camden pension scheme as an admitted body. We have agreed with Camden Pension Fund the option of the IDeA providing the pension fund guarantee without recourse to the escrow account. The accounts for the Company now include £375,154 funds that were on deposit as an asset of the Company within the Cash and Investment assets of the Company. This is subject to a contingent liability in the event that it becomes necessary for a call on the guarantee to be made.

Registration No. OC346845

LOCAL PARTNERSHIPS LLP
(Limited Liability Partnership)

Report and Financial Statements
for the year ended 31 March 2017

LOCAL PARTNERSHIPS
Limited Liability Partnership

REPORT AND FINANCIAL STATEMENTS 2017

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LOCAL PARTNERSHIPS
Limited Liability Partnership

DESIGNATED MEMBERS, BOARD, LEADERSHIP TEAM AND PROFESSIONAL ADVISORS

BOARD

Sir David Wootton JP (Chairman)	Independent Non-Executive
Fred Maroudas (Deputy Chairman)	HMT appointee
Barry Quirk CBE	Senior Independent Non-Executive
Susan Johnson	Independent Non-Executive
Councilman Edward Lord OBE JP	LGA appointee
Cllr Kevin Bentley	LGA appointee
Cllr Graham Chapman	LGA appointee
Cllr David Sprason	LGA appointee
Stephen Dance	HMT appointee
Peter Schofield	HMT appointee (resigned 1 July 2016)
Susan Acland-Hood	HMT appointee (resigned 1 December 2016)
Simon Ridley	HMT appointee (appointed 1 September 2016)
Sean Hanson	Chief Executive (appointed 9 May 2016)
Claire Holloway	Corporate Secretary

LEADERSHIP TEAM

Sean Hanson	Chief Executive (appointed 9 May 2016)
Andrew Coleman	Corporate Director (acting Chief Executive 9 April 2016 - 8 May 2016)
James Lee	Acting Finance Director (appointed 1 April 2016)
Howel Jones	Acting Commercial Director (appointed 1 April 2016)
Caroline Hampden-White	Head of Marketing and Communications

REGISTERED OFFICE

Local Government House
Smith Square
London SW1P 3HZ

BANKERS

Barclays
UK Banking
1 Churchill Place
London
E14 5HP

STATUTORY AUDITORS

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

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Limited Liability Partnership

CHAIRMAN'S STATEMENT

2017 was another good year for Local Partnerships during which we continued to deliver some excellent outcomes on behalf of our clients. We continue to focus on the priorities of our owners and we end the year in a strong financial position.

We continue to focus on the key themes of austerity and growth. Despite the pressures on our clients we remain positive of our strong relationships and our abilities to help them address their current challenges. Some highlights for the year included: the significant expansion of our housing offer, working with ten Councils on their Housing Zones, the wider roll out of support for Councils on Waste and Highways infrastructure projects, an ongoing pipeline of support to re-negotiate large Council contracts, supporting public sector organisations to merge, helping the public sector with a pipeline of energy projects and building a pipeline of PFI refinancing projects.

From a financial perspective Local Partnerships remains in a robust position. We have continued to reduce our reliance on the revenue grant from the LGA and we have diversified further into new areas of work. In 2017 Local Partnerships achieved a turnover of £9.2 million, a surplus of £0.7 million and we remain in a strong cash position with £5.5m at 31 March 2017.

Internally Local Partnerships has faced significant change during the year. Sean Hanson joined as the Chief Executive Officer in May and Howel Jones and James Lee were asked to act up within the leadership team. Towards the end of 2017 we restructured the business so that it is more focussed on the priorities of its owners. In this context we are in a strong position to look forward to 2018.

Our priorities and challenges for 2018 are likely to remain similar to those that we faced in 2017; namely austerity and growth. We are in a good position to build on our achievements of 2017, particularly in relation to housing, which is likely to remain the priority of governments for many years to come.



Sir David Wootton
Chairman

LOCAL PARTNERSHIPS

Limited Liability Partnership

MEMBERS' REPORT

The Members present their report and audited financial statements for the twelve month period to 31 March 2017. Local Partnerships LLP (the LLP) is a joint venture between HM Treasury (HMT) and the Local Government Association (LGA), who comprise Local Partnerships' two Designated Members. 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 executive management 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 14 October 2013.

Financial Results

Local Partnerships LLP's 2016-17 financial position showed a surplus for the year of £0.7m (2015/16 - £0.5m) on revenues of £9.2m (2015/16 - £9.1m). 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, each of the members of the LLP has contributed £0.8m of capital (treated as equity) to the LLP, giving the LLP capital (treated as equity) totalling £1.6m.

At the beginning of the financial year each of the Members owned £0.2m of 6% unsecured convertible loan stock redeemable in 2029. In October 2016 a repayment of £0.13m was made to each member. At 31 March 2017 the outstanding unsecured convertible loan stock held by each of the Members was £0.07m.

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 2017-18.

Profit Distributions and Reserves

The LLP's policy as at the 31 March 2017 is to maintain minimum cash balances of £5m. 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 members in proportion to their respective capital.

LOCAL PARTNERSHIPS

Limited Liability Partnership

STRATEGIC REPORT

Background to Local Partnerships

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

Business Review

Key highlights of activity during 2016-17 included:

Infrastructure: Waste

- We assisted in the identification of £28 million per year of savings from operational waste contracts;
- We reviewed waste PFI contracts for two councils, identifying an aggregate of £5 million per year savings;
- We reviewed the potential for savings and merger of waste collection and disposal functions for a city region. The savings identified amount to £11 million - £19 million per year. An additional review is currently ongoing for another city region related savings and potential for collaborative working across the waste collections function. The savings identified amount to £9 million -£13 million per year;
- We supported effective grant management on waste contracts as part of a wider programme of support;
- We have undertaken five contract management reviews and five contract management training courses for projects within the waste PFI programme. This work strengthens local delivery capacity; and
- 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

- 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;
- DfT has announced that Local Partnerships is to be the delivery partner for procurement and asset management for highways maintenance; and
- We have undertaken four highways maintenance reviews, providing technical expertise to the LGA who manage this process.

Housing

- We provided direct support to ten councils to accelerate the delivery of 30,000 new homes over the next ten years in housing zones; and
- We developed and launched a Housing Delivery Toolkit which has been downloaded by over 60 authorities. LP is currently working with four councils to set up delivery vehicles

Energy

- We led the successful procurement of the Re:fit framework which will provide councils with easy access to energy performance contractors until 2020; and

LOCAL PARTNERSHIPS

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- We managed an energy efficiency programme that includes over 1,400 buildings that will deliver annual CO2 savings of over 18.5m kilowatt-hours (kWh).

Green energy: Wales

- 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;
- 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); and
- We developed a number of innovative initiatives with the Welsh Government, aimed at improving green energy project economics, such as exploring the use of battery storage; piloting a virtual private wire; and using a long-term government-backed power purchase agreement (PPA) to attract low-cost investment.

Waste infrastructure: Wales

- We achieved financial close on the North Wales Residual Waste Treatment PPP Project. Across Wales, we have now supported the delivery of two facilities, diverting 550,000 tonnes per annum of residual waste from landfill across fourteen local authorities and the commercial sector, generating 48 megawatts (mW) of renewable electricity, sufficient to power c. 80,000 households; and
- Two more anaerobic digestion facilities commenced full operations. Across Wales we have now supported the delivery of five operational facilities treating 108,000 tonnes per annum of source-segregated food waste across twelve local authorities, generating renewable energy, producing liquid fertiliser thus reducing the use of fossil fuel-derived chemical fertilisers and increasing recycling rates by c. 8%

Infrastructure PPP: Wales

- 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.

Efficiency

- We helped three PFI refinancing projects to close, generating more than £5 million for Councils (Kirklees, Blackpool and Salford) and we are currently directly supporting three more to close;
- We helped save £200k by challenging insurance premium risk-sharing calculations on five PFI projects and we have four more in our pipeline;
- We supported four councils to challenge benchmarking outcomes;
- We have undertaken a review of the police collaborative procurement programme and provided recommendations that will set out how a central programme can help to save police forces £115 million.

Devolution and local government reorganisation

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

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Commercialisation and alternative delivery models (ADMs)

- We developed a process for Denbighshire County Council, providing the council with templates for the process. In addition, we have undertaken research into the variety of ADMs that have been deployed across the UK;
- We supported Cardiff through the ADM full business case for infrastructure services which has led to the establishment of a commercial incubator unit within the council; and
- We supported four social enterprises to develop their commercial skills, enabling them to respond to tenders worth over £2 million.

Assurance

- We reviewed and reported on four Highways programmes for Plymouth City Council that have helped the authority to improve the delivery of their outcomes
- We piloted our new Delivery Capability Status toolkit with three councils. Feedback from the pilots indicates that this self-assessment tool adds real value by providing leadership teams with a common language and approach, improving the effective delivery of strategic change outcomes and identifying appropriate action plans.
- We delivered programme and project management training to nearly 200 staff at one council. The overall feedback from all the sessions has been universally positive, with one senior manager reporting that, as a result of the training, they 'paused' the work on a major property project to make sure it was properly established and in the best possible position to deliver the desired outcomes.
- We undertook an assurance review of four councils' plan to create an arm's length joint venture to deliver services. The reviews clarified priorities for the four councils

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Limited Liability Partnership

STRATEGIC REPORT

Financial performance

In 2016-17 we generated turnover of £9.2m including £1.2m of LGA Grant (2015-16: £9.1m including £1.5m of LGA grant – formerly known as RSG), on which we made a net surplus after all operating and financing costs of £0.7m (2015-16: £0.5m). Net assets at year-end were £7.1m (2015-16: £6.6m) of which cash and equivalents represented £5.5m at year end (2015-16 excluding the TSF grant of £2.7m: £5.0m).

Turnover has increased by £0.1m between 2015-16 and 2016-17 despite a £0.3m reduction in LGA grant income. External income comprised 87% of total turnover in 2016-17 (2015-16: 83%).

The net surplus for the year has increased by £0.2m between 2015-16 and 2016-17.

Non-financial performance indicators

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

Principal Risks and uncertainties

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

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

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Limited Liability Partnership

STRATEGIC REPORT

Governance

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

The Board meets approximately every two months. In 2016/17, it met six times. The Board has delegated certain duties to the following Board Committees:

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

In 2016/17, the Audit Committee held three meetings on:

- 28 July 2016
- 7 December 2016
- 20 March 2017

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

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

	Board	Audit Committee
Sir David Wootton (Chairman)	6/6	3/3
Fred Maroudas (Deputy Chairman)	4/6	2/3
Barry Quirk CBE	4/6	N/A
Susan Johnson	5/6	3/3
Councilman Edward Lord OBE JP	4/6	0/3
Cllr Kevin Bentley	2/6	N/A
Cllr Graham Chapman	5/6	3/3
Cllr David Sprason	5/6	N/A
Stephen Dance	5/6	0/3
Peter Schofield	1/1	N/A
Susan Ackland-Hood	0/3	N/A
Simon Ridley	2/4	N/A
Sean Hanson	6/6	3/3

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

REPORT OF THE REMUNERATION COMMITTEE

The Board's Remuneration Committee comprises: Sir David Wootton (Chairman), Graham Chapman, Barry Quirk and Peter Schofield (resigned 1 July 2016).

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

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

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

	Salary	Employer pension contribution	Other Contractual payments
	£	£	£
Sean Hanson (appointed 9 May 2016)	125,682	15,710	-
Andrew Coleman	122,575	15,322	41,396
James Lee	117,708	14,791	-
Howel Jones	120,820	15,180	14,071
Caroline Hamden-White	64,781	8,098	-

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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 £ 2017	Fee £ 2016
Sir David Wootton JP	20,000	20,000
Fred Maroudas	-	-
Barry Quirk CBE	10,000	10,000
Susan Johnson	10,000	1,786
Edward Lord OBE JP	10,000	10,000
Kevin Bentley	7,000	7,000
Graham Chapman	7,000	7,000
David Sprason	7,000	4,083
Stephen Dance	-	-
Gren Folwell	N/A	4,083
Peter Schofield	-	-
Susan Acland-Hood	-	-
Simon Ridley	-	N/A

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

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Limited Liability Partnership

STATEMENT OF MEMBERS' RESPONSIBILITIES

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

Company law as applied to limited liability partnerships requires the Members to prepare financial statements for each financial year. Under that law the Members have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law as applied to limited liability partnerships, the Members must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the LLP and of the profit or loss of the LLP for that period. In preparing these Financial Statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

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

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

LOCAL PARTNERSHIPS (Limited Liability Partnership)

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LOCAL PARTNERSHIPS LLP

We have audited the financial statements of Local Partnerships LLP for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Reconciliation of Members' Interests and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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.

Respective responsibilities of members and auditor

As explained more fully in the Statement of Members' Responsibilities, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Limited Liability Partnership's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the designated members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 March 2017 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 by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

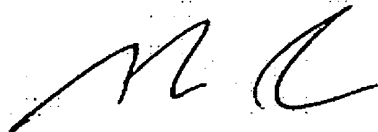
Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to Limited Liability Partnerships requires us to report to you if, in our opinion:

**LOCAL PARTNERSHIPS
(Limited Liability Partnership)**

INDEPENDENT AUDITOR'S REPORT

- 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.



Alastair Duke (Senior statutory auditor)

Senior statutory auditor

For and on behalf of PKF Littlejohn LLP

Statutory auditor

1 Westferry Circus

Canary Wharf

London E14 4HD

21 September 2017
2017

LOCAL PARTNERSHIPS
(Limited Liability Partnership)

STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2017

	Note	2017 £000	2016 £000
Turnover	2	9,238	9,086
Operating Expenses			
Staff costs	4	(5,176)	(5,194)
Other operating expenses		(3,372)	(3,351)
OPERATING PROFIT		690	541
Interest receivable		23	21
PROFIT FOR THE FINANCIAL YEAR BEFORE MEMBERS' REMUNERATION AND PROFIT SHARES FOR DISCRETIONARY DIVISION AMONG MEMBERS		713	562
Members' remuneration - interest on loan stock		(19)	(41)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		694	521

All activities are derived from continuing operations.

The accounting policies and notes on pages 18 to 23 form part of the Financial Statements.

LOCAL PARTNERSHIPS
(Limited Liability Partnership)

COMPANY NUMBER: OC346845

BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £000	2016 £000
FIXED ASSETS			
ICT Assets	7	38	30
CURRENT ASSETS			
Debtors	8	3,151	2,775
Short term Investments	10	5,522	4,512
Cash at bank and in hand		10	3,205
CURRENT ASSETS		8,683	10,492
CREDITORS: amounts falling due within one year	11	(1,656)	(1,191)
NET CURRENT ASSETS		7,027	9,301
TOTAL ASSETS LESS CURRENT LIABILITIES		7,065	9,331
CREDITORS: amounts falling beyond one year	12	-	(2,700)
NET ASSETS ATTRIBUTABLE TO MEMBERS		7,065	6,631
REPRESENTED BY:			
Loans and other debts due to members after more than one year			
Members' capital classified as a liability (loan stock)	13	140	400
Members' other interests			
Members' capital classified as equity		1,600	1,600
Members' other interests – retained profits		5,325	4,631
		7,065	6,631
Total Members' Interests			
Loans and other debts due to members		140	400
Members' other interests		6,925	6,231
		7,065	6,631

These financial statements were approved by the Board on 2017
Signed on behalf of the Board by


Sir David Wootton
Chairman

The accounting policies and notes on pages 18 to 23 form part of the Financial Statements.

LOCAL PARTNERSHIPS
(Limited Liability Partnership)

RECONCILIATION OF MEMBERS' INTERESTS
YEAR ENDED 31 MARCH 2017

	Equity Members other interests			Debt Loans and other debts due to members less any amounts due from members in debtors			Total members' interests
	Members Capital (Classified as equity) £000	Other Reserves £000	Total £000	Members Capital (Classified as debt) £000	Other Amounts £000	Total £000	Total £000
Amounts due to members							
Balance at 1 April 2015	1,600	4,110	5,710	1,000	-	1,000	6,710
Members' remuneration charged as an expense, (Loan Stock Interest)	-	-	-	-	41	41	41
Profit for the financial year available for discretionary division among members	-	521	521	-	-	-	521
Repayments of long-term borrowings				(600)		(600)	(600)
Members' interests after profit for the year	1,600	4,631	6,231	400	41	441	6,672
Members' drawings	-	-	-	-	-	-	-
Other Movements	-	-	-	-	34	34	34
Amounts due to members	-	-	-	-	(75)	(75)	(75)
Balance at 31 March 2016	1,600	4,631	6,231	400	-	400	6,631
Amounts due to members							
Balance at 1 April 2016	1,600	4,631	6,231	400	-	400	6,631
Members' remuneration charged as an expense, (Loan Stock Interest)	-	-	-	-	19	19	19
Profit for the financial year available for discretionary division among members	-	694	694	-	-	-	694
Repayments of long-term borrowings	-	-	-	(260)	-	(260)	(260)
Members' interests after profit for the year	1,600	5,325	6,925	140	19	159	7,084
Members' drawings	-	-	-	-	-	-	-
Other Movements	-	-	-	-	14	14	14
Amounts due to members	-	-	-	-	(33)	(33)	(33)
Balance at 31 March 2017	1,600	5,325	6,925	140	0	140	7,065

LOCAL PARTNERSHIPS
(Limited Liability Partnership)

STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2017

	Note	2017 £000	2016 £000
Net cash inflow from operating activities			
Surplus		694	521
Adjustments for:			
Investment Income		(23)	(21)
Depreciation		11	5
Interest expense		19	41
Increase in debtors		(376)	(482)
Increase/ (decrease) in creditors		465	(114)
Cash generated from operations		<u>790</u>	<u>(50)</u>
Interest paid		(19)	(41)
Net cash generated from operating activities		<u>771</u>	<u>(91)</u>
Cash flow from investing activities			
Purchases of equipment		(19)	(35)
Interest received		23	21
		<u>4</u>	<u>(14)</u>
Cash flow from financing activities from members			
Repayments of borrowings		(2,960)	(600)
		<u>(2,960)</u>	<u>(600)</u>
Net Decrease in cash and short term investments	9	(2,185)	(705)
Cash and cash equivalents at the start of the year		<u>7,717</u>	<u>8,422</u>
Cash and cash equivalents at the end of the year		<u>5,532</u>	<u>7,717</u>

The accounting policies and notes on pages 18 to 23 form part of the Financial Statements.

LOCAL PARTNERSHIPS

(Limited Liability Partnership)

NOTES TO THE ACCOUNTS

Year Ended 31 March 2017

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 and the Statement of Recommended Practice, 'Accounting by Limited Liability Partnerships', issued in September 2015.

The financial statements are prepared for the first time in accordance with applicable United Kingdom accounting standards, specifically Financial Reporting Standard FRS102.

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

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.

2. TURNOVER

	2017	2016
	£000	£000
Government grants	2,976	2,342
Services recharged	5,056	5,244
Other Income	1,206	1,500
	9,238	9,086

LOCAL PARTNERSHIPS
(Limited Liability Partnership)

NOTES TO THE ACCOUNTS
Year Ended 31 March 2017

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.

	2017 £000	2016 £000
Total emoluments	73	66
Emolument of the chairman (highest paid non-Executive Board Member)	20	20

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

4. STAFF INFORMATION

Staff information for the partnership is as follows:

	2017 No.	2016 No.
Average number of employees	53	54
	£000	£000
Staff Costs		
Wages and salaries	3,939	3,926
Social security costs	481	486
Pension costs (Note 5)	450	450
	4,870	4,862
Staff Related Costs		
Agency, freelance and secondment costs	88	50
Travel, subsistence and staff expenses	136	81
Training costs	29	14
Other personnel costs	54	187
	307	332

Details of the remuneration of the LLP's senior employees in 2016-17 are given in the Remuneration Committee Report.

The numbers of the LLP's other staff receiving remuneration of £50,000 or more at 31 March 2017 were as follows:

	2017 Salaries + Redundancy Costs	2017 Salaries Only	2016 Salaries + Redundancy Costs	2016 Salaries Only
£50,000 - £54,999	2	2	1	1
£55,000 - £59,999	-	-	-	-
£60,000 - £64,999	4	4	1	2
£65,000 - £69,999	-	-	-	-
£70,000 - £74,999	-	-	2	3
£75,000 - £79,999	5	5	9	9
£80,000 - £84,999	8	8	7	7
£85,000 - £89,999	5	5	6	6
£90,000 - £94,999	7	7	5	5
£95,000 - £99,999	3	3	2	2
£100,000 - £104,999	-	-	3	2
Above £105,000	6	6	2	1
				19

LOCAL PARTNERSHIPS
(Limited Liability Partnership)

NOTES TO THE ACCOUNTS
Year Ended 31 March 2017

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 £450,100 (2015/16 - £450,400).

6. OPERATING SURPLUS

	Year ended 31 March 2017 £000	Year ended 31 March 2016 £000
Operating surplus is after charging:		
Depreciation	11	5
Auditors' remuneration		
- audit fee	<u>15</u>	<u>15</u>

7. FIXED ASSETS

	Fixtures and fittings £000
Cost	
At 1 April 2016	35
Additions	19
At 31 March 2017	<u>54</u>
Depreciation	
At 1 April 2016	(5)
Charge for year	(11)
At 31 March 2017	<u>(16)</u>
Net book value	
At 31 March 2017	<u>38</u>
At 31 March 2016	<u>30</u>

LOCAL PARTNERSHIPS
(Limited Liability Partnership)

NOTES TO THE ACCOUNTS
Year Ended 31 March 2017

8. DEBTORS

	2017	2016
	£000	£000
Trade debtors	2,115	1,278
Due from related companies	3	42
Other debtors	9	10
Prepayments and accrued income	1,024	1,445
	3,151	2,775

9. CASH AND EQUIVALENTS

	2017	2016
	£000	£000
Cash at bank and in hand	10	3,205
Short Term Investments	5,523	4,512
	5,533	7,717

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

	2017	2016
	£000	£000
Trade creditors	81	49
Owed to related parties	55	158
Other taxes and social security	585	415
Accruals and deferred income	935	569
	1,656	1,191

LOCAL PARTNERSHIPS
(Limited Liability Partnership)

NOTES TO THE ACCOUNTS
Year Ended 31 March 2017

12. CREDITORS: AMOUNTS FALLING DUE BEYOND ONE YEAR

At 31 March 2015, the Department of Health had committed a grant of £2.7 million to Local Partnerships in respect of the Technology Spinout Fund. These monies were refunded by Local Partnerships in September 2016.

13. 6% CONVERTIBLE LOAN STOCK

	2017 £000	2016 £000
Convertible Unsecured Loan Stock due 2029	140	400
	<u>140</u>	<u>400</u>

The conditions attached to the loan stock are:

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

14. CONTROLLING ENTITY

The controlling entities from 1 April 2016 to 31 March 2017 to which this Report and Financial Statements refer to are the Local Government Association whose registered office is Local Government House, Smith Square, London, SW1P 3HZ and Her Majesty's Treasury, whose registered office is 1 Horse Guards Road, London, SW1A 2HQ.

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)

NOTES TO THE ACCOUNTS

Year Ended 31 March 2017

15. RELATED PARTIES

The LLP had the following transactions with related parties:

	Value of related party transactions in year 2017 exp / (inc) £000	Outstanding balance at 31 March 2017 dr / (cr) £000	Value of related party transactions in year 2016 exp / (inc) £000	Outstanding balance at 31 March 2016 dr / (cr) £000
Local Government Association (LGA)	893	(42)	1,075	(92)
Improvement and Development Agency for Local Government (IDeA)	(1,512)	5	(1,500)	-
HM Treasury	40	-	222	26
LGMB	(5)	(5)		
Local Government Properties (LGP)	-	(2)	-	(60)

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

16. 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, each member's contribution towards the liabilities is an equal share.

17. 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 members in proportion to their respective capital.

18. 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.

19. POST BALANCE SHEET EVENTS

There were no other post balance sheet events.

PUBLIC PRIVATE PARTNERSHIPS PROGRAMME LIMITED
(a company limited by guarantee)

Report of the Directors and Unaudited Financial Statements
for the year ended 31 March 2017

PUBLIC PRIVATE PARTNERSHIPS PROGRAMME LIMITED
(a company limited by guarantee)

DIRECTORS AND PROFESSIONAL ADVISORS

DIRECTORS

Cllr Graham Ransley Chapman
Cllr Charles Edward Lord JP (Vice-Chairman)
Fred Maroudas (Chairman of Audit Committee)
Barry John Quirk CBE
Sir David Hugh Wootton Alderman JP (Chairman)

SECRETARY

None

REGISTERED OFFICE

Local Government House
Smith Square
London
SW1P 3HZ

BANKERS

None

PUBLIC PRIVATE PARTNERSHIPS PROGRAMME LIMITED
(a company limited by guarantee)

YEAR ENDED 31 MARCH 2017

DIRECTORS' REPORT

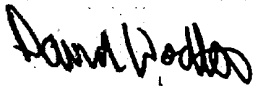
The directors shown above have held office during the whole of the period from 1st April 2016 to 31st March 2017.

The company is dormant and has not traded during the period.

The company received no income and incurred no expenditure in the period and therefore did not make either a profit or loss.

This report was approved by the board of directors on 17 July 2017

And Signed On Behalf Of The Board By:



Sir David Hugh Wootton Alderman JP (Chairman)

PUBLIC PRIVATE PARTNERSHIPS PROGRAMME LIMITED
(a company limited by guarantee)

BALANCE SHEET
As at 31 March 2017

	Note	2017 £000	2016 £000
CURRENT ASSETS			
Cash at bank and in hand		-	-
NET ASSETS		-	-
SHAREHOLDERS' FUND		-	-

STATEMENTS

- For the year ending 31 March 2017 the company was entitled to exemption under Section 480 of the Companies Act 2006 relating to dormant companies.
- The members have not required the company to obtain an audit in accordance with Section 476 of the Companies Act 2006.
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.
- These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Board on 17 July 2017

and

signed on their behalf by David Wootton

Sir David Hugh Wootton Alderman JP (Chairman)

Registered Number 04521310

4PS LIMITED

Dormant Accounts

31 March 2017

Balance Sheet as at 31 March 2017

	2017	2016
	£	£
CURRENT ASSETS		
Cash at bank and in hand	2	2
NET ASSETS	<u>2</u>	<u>2</u>
Issued share capital		
2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>
Shareholders' fund	<u>2</u>	<u>2</u>

STATEMENTS

- For the year ending 31 March 2017 the company was entitled to exemption under Section 480 of the Companies Act 2006 relating to dormant companies.
- The members have not required the company to obtain an audit in accordance with Section 476 of the Companies Act 2006.
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.
- These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved by the Board on 17 July 2017

and

signed on their behalf by 

Sir David Wootton, Director

THE LEADERSHIP CENTRE FOR LOCAL GOVERNMENT

(A company limited by guarantee)

REPORT OF THE TRUSTEES and FINANCIAL STATEMENTS

for the year ended 31 March 2017

Company Registration Number 05467557
Charity Number 1123234

REPORT AND FINANCIAL STATEMENTS 2017

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LEGAL AND ADMINISTRATIVE DETAILS

<u>Registered Name</u>	The Leadership Centre for Local Government
<u>Charity number:</u>	1123234
<u>Company number:</u>	05467557
<u>Registered office:</u>	Local Government House, Smith Square, London SW1P 3HZ
<u>Statutory Auditors:</u>	PKF Littlejohn LLP, 1 Westferry Circus, Canary Wharf, London E14 4HD
<u>Bankers:</u>	Barclays, UK Banking, 1 Churchill Place, London, E14 5HP
<u>Solicitors:</u>	Bates Wells & Braithwaite London LLP 2-6 Cannon Street, London, EC4M 6YH

Directors and Trustees

The Directors of the charitable company (the charity) are its Trustees for the purpose of charity law and throughout this report are collectively referred to as the Trustees.

The Trustees serving during the year and up to the date of approval of the financial statements were:

		Attendance – possible 4 Board Meetings
H Bailey		3
D Baxendale		1
K Ryley		2
Lord P R C Smith (Chair)		4
Cllr R C Stay		3
J Sobieraj		2
David Lloyd	Appointed December 2016	1
Cllr Keith House	Appointed December 2016	2
Lord Kerslake	Resigned November 2016	-
Tamara Finklestein	Visitor and awaiting formal appointment	1

Chief Executive	Joe Simpson
Secretary and Chief Operating Officer	John Jarvis

REPORT OF THE TRUSTEES

The Trustees present their report and audited financial statements of The Leadership Centre for Local Government ("the Leadership Centre") for the period from 1 April 2016 to 31 March 2017. The Trustees have adopted the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" ("FRS 102 SORP") in preparing the annual report and financial statements of the charity.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011, The Companies Act 2006, Accounting Standards and the FRS102 SORP.

Structure, Governance and Management

Governing document

The Leadership Centre was established to help local government in England improve its political and managerial leadership. Its principal source of funding at the time was the Department of Communities and Local Government (CLG) - as part of the Capacity Building Fund. The Centre was originally set up as a limited company and became a registered charity on 1st April 2008.

The Leadership Centre for Local Government is a company limited by guarantee governed by its Memorandum and Articles of Association dated of 13 June 2005, amended on 3 September 2007, 5 March 2008, 20 May 2009 and 12 February 2014 to improve its governance arrangements.

Appointment of Trustees

As set out in the Articles and Memorandum of Association, new Trustees are nominated and appointed by the existing Trustees. There is no formally constituted nomination committee and nomination matters are reported and taken at ordinary meetings. The Board of Trustees will invite suitable candidates as well as advertise to find suitable Trustees that can bring in a full range of expertise to the Board.

Trustee induction and training

New Trustees have a one to one meeting with the Chair and receive a full information pack comprising the Memorandum and Articles of Association, the Charity Commission guidelines for Trustees, agendas, papers and minutes of the last year's board meetings, a blank register of interests form and the list of dates for future meetings.

Organisation

The Board of Trustees is responsible for the strategic direction of the Leadership Centre and is concerned with ensuring sound stewardship of the organisation, including overseeing its financial and business performance and agreeing related policies. The Board met four times in the year. The role of the Chair is paid, as set up in the Memorandum and Articles of Association and approved by the Charities Commission. There is no formally constituted audit committee and audit matters are reported and taken at ordinary meetings of the Board.

The Chair works closely with the Leadership Centre's Chief Executive and the Company Secretary and they have delegated authority from the Trustees to manage all the day to day running of the charity and delivery of its objectives in accordance with the agreed business plan and budget, including operational management of the Centre, finance and employment matters.

Related parties

Trustees and senior officers verbally declare any potential conflict of interest at the beginning of each Board meeting. In addition a register of interests is completed by Trustees and senior officers every year. Details of any transactions with related parties are fully disclosed in the Annual Report and Accounts in compliance with the charities regulatory framework.

Public benefit statement

The Leadership Centre confirms that the Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

How our activities deliver public benefit

The main objectives of the charity, as set out in the Memorandum and Articles, are described below. All of our activities focus on these objectives and are undertaken to further our charitable purposes for the public benefit:

1. The advancement of education for the public benefit, in particular (without prejudice to the generality) by promoting, improving and developing leadership amongst public servants and, in particular, local authority employees and councillors.
2. To promote for the public benefit the efficient public administration of government and public services by the provision of education and training in the organisation and practice of the administration of government and the development of leadership skills for public servants, in particular local authority employees and councillors.

'Great Leaders, Great Places'

Business review

This is an account of the fourth year of activity following the strategic review undertaken by Trustees. That review proposed that the Leadership Centre adopt a profile working across local public services, rather than purely with local government. The first manifestation of that change was a widening of the base of background of the Trustees, with new Trustees bringing experience of work in Whitehall, the NHS and Police as well as local government.

The second manifestation was the successful establishment and delivery of the new Future Vision programme, a cross public service leadership programme.

Beyond this, the Leadership Centre has heavily engaged with various partners including the Systems Leadership Alliance, where it's played a key coordination and delivery role for the activities of the group. The programmes undertaken are listed below. This cross sector engagement has strengthened existing and facilitated new relationships and provided opportunities to demonstrate the value we add.

The combination of these developments has seen the continuation of the transformation in the scale of activities undertaken by the Leadership Centre, as mirrored in the transformation in the scale of income and expenditure of the Leadership Centre. Whilst expanding our activity we have still maintained reasonable reserves and despite continuing financial pressures we anticipate a similar level of activity in 2017/18.

However, we remain conscious that the charity is dependent on attracting specific income (be it grants, contracts or financial support from the private sector) to cover its activities. The charity is not in receipt of general grant, nor has it the ability to undertake general charitable fundraising. We have therefore continued to keep core staffing to the minimum, whilst engaging with specialists to help in the delivery of specific programmes. We now have a well-developed network of individuals, who provide the bulk of the contracted people resource to deliver our programmes, whilst also having the central administrative capacity to support

those programmes. This model gives us both quality control (through the contracting arrangements we expect our facilitators/enablers to partake in shared learning experiences) and the ability to expand/contract our commitments according to the resource available.

Why we do what we do...

We are leading edge public service devotees who work with and support senior leaders working in complex environments. Leadership is all we do. We nurture new ways of thinking, behaving and being to make change possible in these exceptional and uncertain times, where traditional approaches no longer work. We are the go-to people for multifaceted, multi-organisational, place-based problems where there's no blueprint and no obvious way forward.

We are about creating big and sustainable movements of change in public services for the benefit of citizens. The sort of seismic shifts in cultures, behaviours and ways of thinking and working that will bring about a different set of results: transforming complex services to meet the challenges of the contemporary world and its citizens where traditional approaches have come unstuck. We are public service devotees, the sector's very best critical friend, and we've made it our mission to make lasting change happen for citizens and society.

Achievements, activity and performance in 2016/17

In early 2016 the Leadership Centre surveyed people we have worked with in the past 3 years. Respondents scored the Centre an average of 9.35 out of 10 highlighting the quality of our advisors/enablers and, the knowledge and professionalism of the Leadership Centre staff as well as:

- The quality of enablers and contributors
- Our ability and propensity to challenge current thinking
- The quality of resources and tools we provide
- Our ability to understand and work with current national and local contexts.

Nice things people said about us:

"I must say, we have really valued our work with The Leadership Centre, it's such a pleasure to work with you all."

"The SL work has been a massive platform for me, enabling me to do this. I just want to thank all of you massively for your advice, guidance and support."

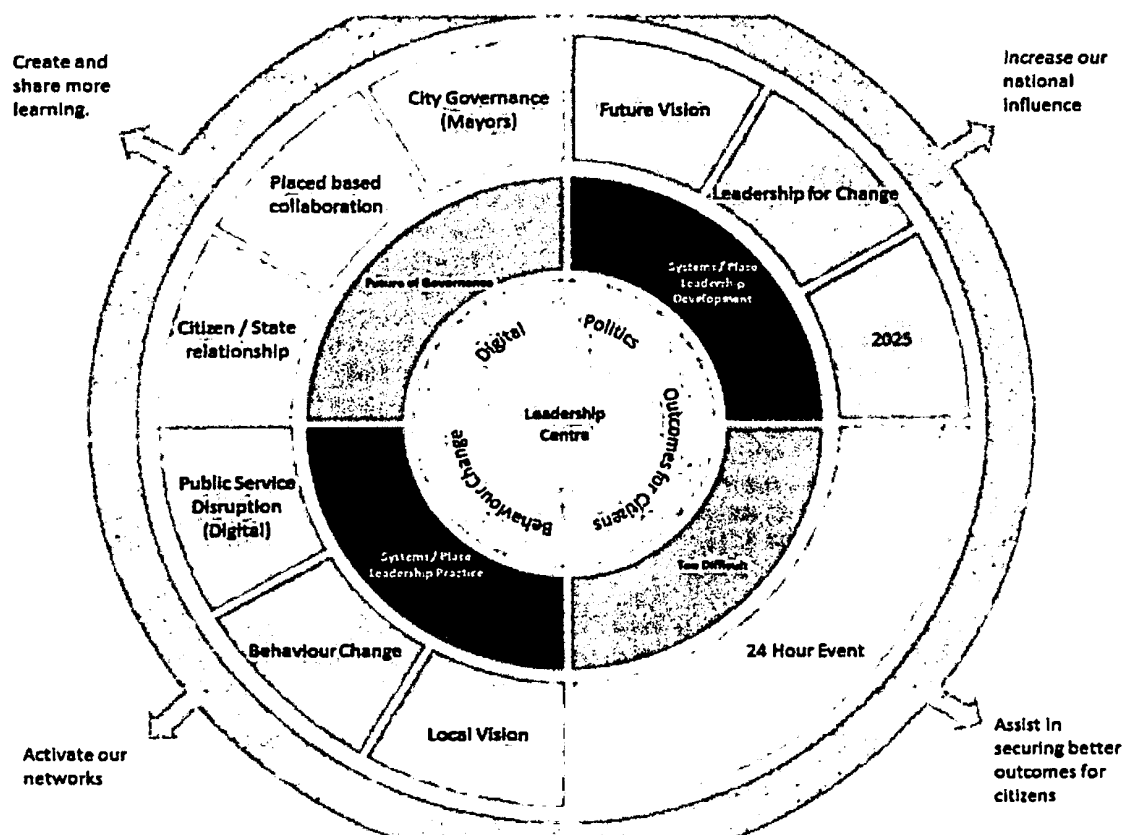
"My experience of the programme was extremely positive from beginning to end. The range of tools used to gather leadership insights and gain 'a leadership edge' were provocative and impressive."

"This course gave me great exposure to how the health and care system works in England and abroad. You have to be brave enough to share power, both with your peers and with people on the ground who will be the ones to make a huge difference to our system – just so long as we get out of their way and focus on facilitating their success."

"The Leadership Centre understood exactly what we wanted from a leadership programme: something organic and cooperative around authentic leadership, systems thinking, framing, narrative, and taking people with you. It was a natural fit."

"Tremendous group of people, system leadership at its core and time to reflect on how I (and we) take health and care services into a new space over the next 5-10 years. Couldn't recommend it highly enough!"

During 2016/17 we have built upon these insights to continually improve on delivering the Charity's objectives through two main axis of activity.



2016/17 Leadership Centre strategy diagram.

Axis 1: Systems / Place Leadership – Development & Practice

Future Vision

Future Vision is a flagship national leadership development programme for senior figures from across the public sector who are operating in an increasingly interdependent world. Future Vision has been developed using our experience and success of delivering political and managerial leadership development programmes for local government combined with input from our private sector partners. The year-long inaugural Future Vision programme started in 2013, with a clear and uncompromising objective of enabling system change through leadership development.

Future Vision is designed for senior figures from across the UK public services, such as:

- Chief executives of local authorities, health bodies, or chief constables
- Senior figures in national and devolved government
- Elected politicians; council leaders and police and crime commissioners
- Senior figures in the private, voluntary and third sectors.

The intensive programme is run over two residential blocks and a series of one day events, and offers participants: exposure to some of the best UK and international thinking on leadership; the opportunity to explore together the major issues of the day as well as pertinent scenarios of the future; and the space and expertise to work collectively on the real challenges facing our communities and the public sector as a whole.

The participants of the four cohorts have rated the experience extremely highly, creating positive lasting relationships, and they have been keen to extend their work beyond the stated

programme, which is self-funded. For example, undertaking a peer review focussed on particular challenges in a participant's organisation or place.

The fourth cohort started in February 2016 concluding in February 2017. Cohort five starts in May 2017.

2025 Leaders programme

2016 saw us launch a brand new leadership development programme for the next generation of very senior leaders, who, by 2020, will be the new senior leadership across our health and social care system.

Just as today's senior leaders are charged with the creation and implementation of the Five Year Forward View, the Chief Executives and DGs of 2020 will be charged with the creation and implementation of the roadmap to 2025 in the context of an increasingly complex set of demands and dynamics.

By 2020, we may have resolved some of the structural and financial issues that face us today, but new issues will no doubt have emerged from the changing demographics and political pressures already on the horizon - mass migration, progress in AI and robotics, a changing global financial scene.

To solve the 'wicked problems' faced by the sector, leaders are increasingly being asked to work at the system rather than the organisational level, tackling situations and issues that are irreducibly complex rather than just technically complicated.

The 2025 Leaders Programme is designed to equip participants with the leadership capacities and capabilities to meet this challenge.

Leadership for Change

The Leadership Centre, in collaboration with other national leadership organisations, designed a pan-public sector leadership development programme for senior or aspiring leaders across the public sector. The framework is based in research of the behaviours needed to succeed when working across multiple sectors. In 2015/16 the third cohort of place teams was selected and embarked on their leadership development journey. In 2017, based on participant feedback and the emerging context in which public services are operating, the programme was refocussed towards teams working on Sustainability and Transformation Plans.

Local Vision & Learning network

The Leadership Centre lent its programme name, value and expertise to a collaboration of a number of national partners (Association of Directors of Public Health, Department of Health, Leadership Centre, Local Government Association, NHS England, NHS Improving Quality, NHS Leadership Academy, Public Health England, Social Care Institute for Excellence, The National Skills Academy for Social Care, Skills for Care, Think Local Act Personal, Virtual Staff College) to launch a national programme of leadership development based on a theory of Systems Leadership.

Systems Leadership goes beyond collaborative leadership because it requires more than hierarchical authority whilst working with peers and partners – its power rests in behaviours, trust and relationships. Systems Leadership allows those involved to experiment and to work with uncertainty, supporting partial, emergent and clumsy solutions that transcend individual organisational interests for the collective impact and benefit for all.

With applications sought through the still emergent fulcrum of local governance, the Health and Wellbeing Board, the collaborative has supported over 50 localities through to the end of 2016/17 helping them to address complex issues not easily solvable by one organisation or person, through leadership development in place.

In summer 2014 we published "The Revolution will be Improvised" a report based on the work undertaken.

In 2015 we published a follow up report, "The Revolution will be improvised II".

In collaboration with the Systems Leadership Steering Group we commissioned an independent evaluation of the work by the University of the West of England.

"There is no doubt that Local Vision has enabled some significant shift in mindset and resulting behaviours for some, which has led to new, more inclusive ways of working within the community."

"...with realisation among many of the potential for collective leadership as part of a wider system and accompanying intent for new ways of working...working in non-hierarchical ways, building links and partnerships across organisations."

"Local Vision has produced benefits and value for a diversity of stakeholders, such as influencing strategy, generating income and opportunities...and improving services and client outcomes."

Interim and Final Evaluations of the first place-based programmes for Systems Leadership – Local Vision, University of the West of England, June/Oct 2015.

In 2016 we relaunched the Systems Leadership website – www.leadershipcentre.org.uk/systemsleadership sharing learning and insight from the programme.

January 2017 marked the end of the latest round of the Local Vision Learning Network, which has seen Local Vision places from across the country come together to share learning, stories and hear about the latest systems leadership practice from the Leadership Centre and a range of other speakers, as well as explore their own place-based based work.

Health and Social Care Integration and New Models of Care Vanguard

In collaboration with the systems Leadership Steering Group, and utilising our experience of bespoke tailored on the ground support, the Leadership Centre has supported various national initiatives which aim to improve services for citizens through new ways of working, designing and organising services.

The support has been highly praised by those involved, where interventions ranging from individual and team coaching, whole systems events and masterclasses have brought new insight and action options to the challenges they face.

Behaviour change

During 2016/17 we ran a number of experiments to focus explicitly on systems leadership and its relationship to and capacity in creating behaviour change - explored through a number of place based experiments with focus on population health.

Working with Health and Wellbeing Boards and others senior leaders from wide ranging organisations whilst also working with 'the energy' in the community the two key enquiries explored how we might a) empower our communities to take responsibility for their health and b) how to create more active communities where regular exercise is considered a way of life. Both present opportunities for a radical shift in attitudes and behaviours of both public service providers and citizens.

Public Service Disruption

The Leadership Centre is providing support for a 'Digital Pioneers' programme in one area of the country where they are exploring innovative approaches to using digital approaches to create positive impact on people's health and wellbeing.

Additionally the Leadership Centre has reached out and contributed to hundreds of events, workshops, masterclasses and online fora to share the positively disruptive power & nature of the approaches we use.

Accident & Emergency

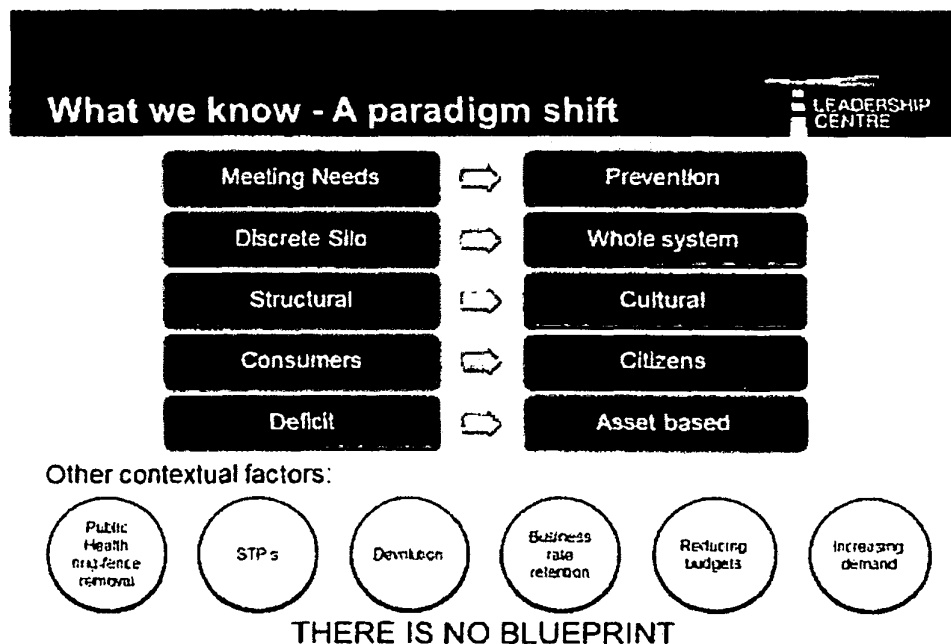
In 2016/17 we were asked to provide a programme of learning and skills development to a number of A&E Delivery Boards across the country to further enable each Board as a whole to operate more effectively and efficiently within their local footprint.

The work has, as you would expect from our tailored, bespoke approach, taken slightly different forms in each area depending on the local challenges and context. However, broadly speaking there are three strands: working directly with the A&E delivery board; action and development around a real issue of importance for patients and citizens in the area; and woven throughout a learning stream.

We've been very pleased with the reception and positive progress achieved in each area so far. Once the nature of the support has been explained, people have been very enthusiastic and keen to take up the offer. The Leadership Centre has purposefully tried to dovetail with, and work alongside, other support offers to ensure maximum impact.

Axis 2: Future of Governance / Too Difficult

Each generation faces leadership challenges, though those challenges will vary over time. This is explored through the perspective of the future of governance and the too difficult box. The future of governance has been where much of our work with elected politicians has focused. Whilst the too difficult box has been where we have tried to create the space for discussion about those governance issues which are difficult to broach.



Initiatives and contextual factors such as sustainability and transformation plans (STP's), health and social care integration, in the context of the Five year forward view, local government devolution, reduced and continuing reduction in public finance, increased demand, and further uncertainty around public health ring-fence removal and business rates retention in local government, to name a few, create challenges beyond the reach of existing institutions and organisational structures.

Multi-organisational & Place Based

The Leadership Centre was created to be deeply aware of the contexts in which our public service leaders operate. Public service leaders are increasingly open to new methods of working, and new collaborations. Maintaining this immersion makes us the go to people to nurture new ways of thinking, behaving and being to make change possible in these exceptional and uncertain times.

During 2016/17 we have worked with a number of localities on bespoke commissions exploring:

- Designing a whole-systems approach to patient discharge.
- In an ideal world (and within resources available) what would the system for people with complex needs look like from the perspective of 'system users', and how would we know?
- Building social movements for creating change around issues of importance.
- Developing an improved culture of collaboration and leadership to transform how the organisation will work in the future given the changing context of public service delivery and funding.
- The new perspectives and nature of relationships required in a large geographic area to deliver a Sustainability and Transformation plan.

Key Outputs and Outcomes in 2016/17

The Leadership Centre is on the road to becoming established as the go to place for tough multi-organisational, multi-factor issues.

Create and Share more learning:

In 2016/17 we created:

- Two new publications, digital disruption and commercialisation,
- A new website with case studies and thinking,
- A digital version of the Art of change making,
- Local Vision learning network.

Increase national influence:

We continue to collaborate and take part in a number of fora, and convene our own. Systems Leadership terminology and understanding is becoming mainstream.

Assist in securing better outcomes for citizens:

Our work across the country has had direct impact on people's lives. From Plymouth to South Tyneside, by further developing leadership capability services to the public are improving.

Activate network:

We re-launched the Leadership Centre alumni event, absent since 2009, as a space for senior leaders to come together and consider the big leadership challenges and commit to collaboratively working on a number of them.

Challenges faced in 2016/17

Ability to Raise Funds

The Leadership Centre has some reserves, but to finance activity on the scale now being undertaken we have to secure the commitment of others to work in collaboration with us. The model we have adopted is one of seeking co-produced solutions in collaboration with others, so those approaches and solutions are co-owned.

Collaboration is tough

An ambitious collaboration between the Centre and the University of the West of England was established, building on a strong relationship, to create a platform for further joint working including a national 'Festival of Leadership'. Whilst a significant amount of commitment and good-will was forged with festival collaborators it has been postponed. There is however considerable learning from this adventure, as well as new contacts and relationships which are already paying dividends in other areas of our work including a new 'leadership challenge' programme in Bristol.

Delivery Capacity

From the outset the Leadership Centre adopted a particular approach to staffing. We did not seek to establish a large in house permanent staff. We believed that such an approach would be both inflexible and costly. Neither did we opt for a pure commissioning model (with its reliance often on large suppliers). Instead we aimed to create a pool of individuals, with whom we would work on a regular basis, but always offering local places choice so places had a stake in the decision. By using the pool we were also able to get some quality control, but also capture shared learning (otherwise the communal learning would be lost). A key challenge for 2016/17 was to expand the pool of enablers. The experience of projects to date is that there is a limited pool from which to draw, but we have expanded the resource slightly.

Creating sustained and sustainable change

One of the challenges faced by public services and the work undertaken by the Leadership Centre is the matter of ensuring that any learning and progress made is sustainable and creates public value. To ensure this vital part of the legacy of our programmes is achieved, reflection, evaluation and learning opportunities are embedded from the outset, and direct connections across public service organisation and leaders, politicians and officers, are designed in from the beginning.

Relocating our operation – virtually and in reality

During 2016/17 the Leadership Centre faced two considerable operational challenges; changing our internet domain name and relocating the office. Both were successfully achieved on time, within budget and with minimum negative impact internally and externally.

2017 – 2018 Priorities and Objectives:

Building on our current model whilst emphasising our strength and experience, we aim to stay unique, focussed and impactful.

Strategic Priorities

- **Further develop our unique composition and practice – a fusion of public services and leadership development practice, which has the potential for change greater than the individual organisations/sectors, therefore our value is in doing something no-one else can do.**

- **'Future shaping' and 'creating the weather'** - we will continue to harness our deep public service knowledge to continue straddling sectors and special levels, develop unique partnerships and create spaces for unusual solutions to emerge.
- **Build a movement through Alumni Vision** – activate our fantastically rich and diverse network to apply their skills, knowledge and practice to the big leadership challenges.
- **Maintaining our flexibility and ability** to react to changing environments and situations remains key in harnessing future opportunities.
- **Re-connect to local Governance** - the Leadership Centre understands the political / managerial interface like no other.
- **Consolidate current delivery** – by ensuring that:
 - the value and impact of each project and programme is surfaced and shared
 - our messages are reaching our target audiences
 - the quality of our delivery remains high
 - we are constantly innovating and pushing the boundaries of leadership development
 - there is a sustainable way of funding the Centre and its core programmes.

Organisational Priorities

- Prepare for pension auto-enrolment 2017 – finalise plan and implement across the organisation.
- Improve processes for managing projects, programmes and surfacing learning.
- Relocate our operation – we will move the operation away from the current location. Finding a site with the required space, connections, and cost will be of utmost importance.

Brand Priorities

- Continue to grow the Leadership Centre's prompted and unprompted brand awareness across public services.
- Partnerships: Work with people, groups and organisations that contribute to our reach, impact and accelerate learning.
- Annual Campaign: Develop an annual campaign based around Alumni Vision that is engaging, changes behaviour and makes a real difference. A creative idea that translates across all the Leadership Centre's touch-points, from web, face-to-face events and programmes.
- Social Media: Grow our platforms, identify and work with partners and influencers, produce more valuable content, create a distinct identity.

Income Priorities

Our reserves give us some buffer to negotiate our way through changes in priorities or availability of finance and changing economic circumstances. However, we will not be complacent, and will continue to:

- Seek to expand existing programmes where there is clear public value in doing so;
- Foster further collaborations with key partners;
- Respond to and develop bespoke place commissions; and
- Build coalitions of the willing around leadership challenges of importance.

Challenges in 2017/18

1. Relocating the operation – moving the office in early autumn.
2. Ever great collaboration - The Leadership Centre has always sought collaborations. With public funding getting ever tighter collaborative and co-produced support, interventions and knowledge creation has never been more important in achieving greater impact and influence.
3. Internal delivery capacity - we know that the delivery of our mission relies on our talented and motivated people and we want to maintain the excellent levels of impact and satisfaction of our work. The challenge will be maintaining a balance between maximising impact, growing revenue, minimising expenditure and finding top talent to keep things moving.

Principal risks and uncertainties

The Leadership Centre has reviewed its arrangements for risk management with clear responsibilities assigned to named senior officers for the management of the principal risks.

The Trustees consider these risks are being effectively mitigated.

Reserves

During 2016/17 the Leadership Centre has continued to utilise its reserves to support its charitable activities and reduce the overall holding. The Leadership Centre has taken a very conservative approach to allocating funding in 2017/18, with regards to grants funding, as much activity crossed financial year ends. Once these projects are complete and where appropriate any remaining balance will be transferred to Leadership Centre reserves.

The Leadership Centre is no longer reliant on direct general subsidy. Instead each initiative needs to secure specific funding. We have managed to attract some private sector support, as well as significant specific funding from public sources.

The reserve policy requires the retention of adequate funds to support a full year of operating of the Leadership Centre and, taking account of current costs, the retention should be in the order of £500,000 to cover a year of staff costs and accommodation, including facilities and IT. The policy is reviewed regularly, is considered adequate at the present time, and will be looked at again, in the light of the possible future office moves in Autumn 2017.

Environment

The LGA has agreed an environmental policy which the Leadership Centre, as a tenant, has agreed to. This includes the commitment to:

- continually reduce waste and increase our recycling rate;
- reduce paper use;
- ensure that procurement of goods and services adheres to our green purchasing and procurement policy;
- champion and mainstream consideration of environmental sustainability throughout our outward facing work programmes and services;
- comply with all applicable legislation, regulation and with other relevant requirements; and relating to our environmental impacts.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of the Leadership Centre for Local Government for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Under Company law the Trustees are required to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

Under company law the Trustees 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 charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and 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 charitable company will continue its activities.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Provision of information to Auditors

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Leadership Centre for Local Government
Year ended 31st March 2017

Statement of Trustees' Responsibilities

This confirmation is given and should be interpreted in accordance with the provisions of section 414 of the Companies Act 2006.

Auditors

A resolution for the re-appointment of PKF Littlejohn LLP as the auditors of the Leadership Centre is to be proposed at the Board Meeting.

Approved by the Board of Trustees on 21 June 2017 and signed on their behalf by

A handwritten signature in black ink, appearing to read 'Peter Smith', written in a cursive style.

Peter Smith

21 June 2017

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE LEADERSHIP CENTRE FOR LOCAL
GOVERNMENT**

We have audited the financial statements of The Leadership Centre for Local Government ('The Leadership Centre') for the year ended 31 March 2017 which comprise the Statement of Financial Activities, Balance Sheet, the Statement of Cash flows, and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

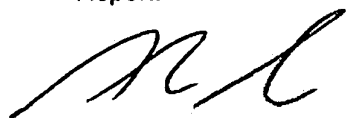
In our opinion the information in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements and the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records 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
- certain disclosures of Trustees' and senior staff remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime take advantage of the small companies' exemption in preparing the Report of the Trustees and the requirement to prepare a Strategic Report.



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

Date: 23 October 2017

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

STATEMENT OF FINANCIAL ACTIVITIES

(Incorporating an INCOME AND EXPENDITURE ACCOUNT)
For the year ended 31 March 2017

	Note	Unrestricted funds 2017	Restricted funds 2017	Total funds 2017	Total funds 2016
	s	£	£	£	£
Income from:					
Grants	2	40,000	100,000	140,000	619,677
Charitable Activities	2	1,128,398	-	1,128,398	485,375
Investment income	3	7,049	-	7,049	7,530
Sponsorship and conferences	2	16,448	-	16,448	44,330
Total income		1,191,895	100,000	1,291,895	1,156,912
Expenditure on:					
Charitable activities	7	1,179,600	522,306	1,701,906	1,721,857
Other Costs	9	21,417	-	21,417	20,380
Total Expenditure		1,201,017	522,306	1,723,323	1,742,237
Net (expenditure)	4	(9,122)	(422,306)	(431,428)	(585,325)
Reconciliation of Funds:					
Total funds brought forward		717,035	1,071,747	1,788,782	2,374,107
Total funds carried forward	14	707,913	649,441	1,357,354	1,788,782

There are no recognised gains or losses other than those disclosed above.

All of the above results derive from continuing activities

The notes on pages 22 to 26 form part of these financial statements.

The Leadership Centre for Local Government
Year ended 31st March 2017

Balance Sheet

Company Registration number 05467557

BALANCE SHEET
As at 31 March 2017

	Notes	2017 £	2016 £
Current assets			
Debtors	10	868,960	556,470
Short term investments	3	796,564	1,529,948
Cash at bank and in hand		10,000	10,000
		<u>1,675,524</u>	<u>2,096,418</u>
Creditors: amounts falling due within one year			
Creditors falling due within one year	11	318,170	307,636
		<u>318,170</u>	<u>307,636</u>
Net current assets		1,357,354	1,788,782
Total assets less current liabilities		<u>1,357,354</u>	<u>1,788,782</u>
Funds			
Restricted Funds	14	649,441	1,071,747
Unrestricted Funds	14	707,913	717,035
		<u>1,357,354</u>	<u>1,788,782</u>

These financial statements were approved by the Trustees on 21 June 2017 and are signed and authorised for issue on their behalf by:



Peter Smith
Trustee

The notes on pages 22 to 26 form part of these financial statements.

Company Registration number 05467557

STATEMENT OF CASH FLOWS

As at 31 March 2017

	Note	2017 £	2016 £
Cash flow from operating activities	12	(733,384)	(829,479)
Net cash flow (used in)/provided by operating activities		<u>(733,384)</u>	<u>(829,479)</u>
Cash and cash equivalents at 1 April		1,539,948	2,369,427
Cash and cash equivalents at 31 March		<u>806,564</u>	<u>1,539,948</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		10,000	10,000
Short term deposits		796,564	1,529,948
Cash and cash equivalents at 31 March		<u>806,564</u>	<u>1,539,948</u>

The notes on pages 22 to 26 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The Leadership Centre is a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, The Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

GOING CONCERN

The Trustees (who are also the directors of The Leadership Centre for Local Government ('the Centre') for purposes of company law) have prepared the accounts on a going concern basis. As described in the Report of the Trustees, during 2016/17 the Centre worked closely with the LGA and various public/private funded specified bodies. Funding has been agreed beyond 31 March 2017 and the directors are of the belief that the company will continue as a going concern.

FUNDS

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

INCOME POLICY

All incoming resources are included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income, after any performance conditions have been met, when the amount can be measured reliably and when it is probable that the income will be received.

Income from donations is recognised on receipt, unless there are conditions attached to the donation that require a level of performance before entitlement can be obtained. In this case income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the Centre and it is probable that they will be fulfilled.

Government and other grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

Investment income comprising only bank interest on short term deposits is recognised on a receivable basis.

RESOURCES EXPENDED

Expenditure is recognised on an accruals basis. This occurs when a legal or constructive obligation commits the Centre to the expenditure.

Irrecoverable VAT is charged against the category of resources expended from which it is incurred.

Any costs of generating funds comprise the costs associated with attracting voluntary income.

Charitable expenditure comprises those costs incurred by the Centre in the delivery of its activities and services for its beneficiaries. It includes both the costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Grants payable to third parties are included in expenditure on charitable activities. Where unconditional grants are made, these amounts are recognised when a constructive obligation is created, typically when the recipient is notified that a grant will be made to them. Where grants are conditional on performance, then the grant is only recognised once any unfulfilled conditions are outside of the control of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.

ALLOCATION OF SUPPORT COSTS

Support costs are those that assist the work of the Centre but do not directly represent charitable activities and include office costs, governance costs, and project management costs. They are incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to those activities on a consistent basis related to time spent in furtherance of the Centre's objects.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

The analysis of these costs is included in note 8.

TAX

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010. It therefore meets the definition of a charitable company for UK corporation tax purposes.

2. INCOME

	2017 £	2016 £
Income from donations and grants		
Voluntary Income and Grants	140,000	619,677
Sponsorship and Conferences	16,448	44,330
Income from charitable activities		
Services recharged	<u>1,128,398</u>	<u>485,375</u>
	<u>1,284,846</u>	<u>1,149,382</u>

Voluntary income and grants mainly relate to funding from other public sector bodies. It is allocated to the main activities of the charity. Services recharged include events and conferences, publications and consultancy. £100,000 (2016 £610,793) of the above income was attributable to restricted funds and £1,184,846 (2016 £538,589) to unrestricted funds.

3. INVESTMENT INCOME

All of the investment income arises from interest bearing deposits. The Centre participates in arrangements in which surplus cash balances are deposited with borrowers on the LGA's approved list. The Centre's investments are pooled with those of other entities that have adopted the LGA Group Investment Strategy. Investments are typically for periods of up to six months and as such the loan amount is a reasonable assessment of fair value. The LGA Group Investment Strategy strictly applies credit limits for all of the 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 Centre does not expect any losses on short term investments. The difference between carrying value and fair value is immaterial.

4. AUDITORS REMUNERATION

The auditor's remuneration amounts to an audit fee of

	2017 £	2016 £
Audit fees	3,500	3,500

No non-audit fees were paid in the year to the auditor (2016 nil).

5. EMOLUMENTS

During 2016/17 total remuneration of £16,760 (2015/16; £16,760) was paid to the Chair for work done in this capacity in accordance with a written agreement approved by the Trustees under clause 5.9 of the Memorandum of Association. Reimbursement of expenses to Trustees for travel costs totalled £107 (2015/16; £120).

6. EMPLOYEES

	2017 £	2016 £
Staff, agency and secondments		
Staff	341,986	136,166
Agency staff fees	71,854	92,202
Secondments	<u>-</u>	<u>204,722</u>
Total staffing costs	<u>413,840</u>	<u>433,090</u>

The Leadership Centre for Local Government
Year ended 31st March 2017

Notes to the Financial Statements

The average number of senior staff employed directly - seconded employment ended in March 2016 - during the year was 3 (2016 2 persons), with employee benefits, excluding employer pension costs, in the ranges below.

Range £k	2017	2016
100-105	-	1
85 -90	1	1
80-85	1 (fte100-105)	-
75-80	1	-
65-70	-	1

The average number of persons employed (including agency staff) was 6 (2016 5 persons).

7. EXPENDITURE ON CHARITABLE ACTIVITIES

	2017 Activities undertaken Directly	2017 Support Costs	2016 Activities undertaken Directly	2016 Support Costs
	£	£	£	£
Delivery Areas				
Future Vision	240,931	23,956	178,691	30,629
Centre Projects	208,106	20,693	36,285	6,220
Accident and Emergency	153,513	15,264	-	-
Specific Location Support for Leaders	124,628	12,392	101,530	17,403
Systems Leadership	515,178	51,226	871,635	149,406
Nursing Talent	101,169	10,060	-	-
Where Next	7,508	747	12,343	2,116
Local Vision	38,289	3,807	37,815	6,482
Public Health Leadership	158,663	15,776	231,603	39,699
Total	1,547,985	153,921	1,469,902	251,955

£522,306 (2016 £883,720) of the above costs were attributable to restricted funds and £1,179,600 (2016 £838,137) to unrestricted funds.

8. BREAKDOWN OF SUPPORT COSTS

	2017 £	2016 £
Finance support	10,000	15,000
Direction	51,716	60,086
General Office Costs	27,416	111,117
IT	14,230	5,802
Staff Costs	50,559	59,950
	153,921	251,955

Support costs are based on staff time spent on different activities.

9. EXPENDITURE ON OTHER COSTS

	2017 £	2016 £
Trustees Emoluments (see note 5)	16,760	16,760
Meeting costs	1,049	120
Chairman's expenses	107	-
Statutory Audit fees	3,500	3,500
	21,416	20,380

10. DEBTORS

	2017	2016
	£	£
Trade debtors	658,805	529,986
Other Debtors	2,697	12,933
Accrued Income	207,458	13,551
	<u>868,960</u>	<u>556,470</u>

11. CREDITORS

	2017	2016
	£	£
Trade creditors	19,994	35,952
Accruals	180,659	175,440
Other taxes and PAYE	10,639	5,672
VAT	105,387	87,003
Earned Leave Liability	1,491	3,569
	<u>318,170</u>	<u>307,636</u>

12. RECONCILIATION OF NET INCOME / (EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
	£	£
Net expenditure for year	(431,428)	(585,325)
(Increase) / decrease in debtors	(312,490)	(170,957)
Increase / (decrease) in creditors	10,534	(73,197)
	<u>(733,384)</u>	<u>(829,479)</u>

13. MEMBERS' LIABILITY

The company is a registered charity and is limited by guarantee with no share capital. The liability of each member in the event of winding up is limited to £1.

14. FUNDS ANALYSIS OF NET ASSETS BETWEEN FUNDS at 31st March 2017

The balance of Net assets and liabilities fall under unrestricted funds.

	Current Assets	Current Liabilities	Funds Total
	£	£	£
UNRESTRICTED	1,006,885	298,972	707,913
RESTRICTED	668,639	19,198	649,441
	<u>1,675,524</u>	<u>318,170</u>	<u>1,357,354</u>

15. POST BALANCE SHEET EVENTS

The Directors and Trustees are not aware of any material post balance sheet events.