



Annual Report & Accounts

1 April 2017 to 31 March 2018

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Chairman's Foreword

This annual report is published at a significant juncture in the transformation of Old Oak, a year since my appointment as Chairman of OPDC in Spring 2017 and just over three years since the establishment of the Mayoral Development Corporation.

As Chairman of the Board, I oversee a ten-strong board responsible for governing the OPDC. With a number of parties involved in the project, including three local authorities, a number of transport providers, local residents, businesses and community groups – and lots of different people with different interests and objectives - my focus has been on the vision, the strategy, the high-level interaction and helping with the relationship between the Mayor and government departments to turn this massive regeneration opportunity into a thriving new quarter for London.

Over the coming year, we will keep the momentum going on projects that have already started, including the Local Plan re-consultation, which will now include Old Oak Masterplan options, and the Great Place Scheme. In addition, we will ensure that we get over the starting line on projects like the Good Growth Fund, which will enable us to kick-start early placemaking enhancements that will allow us to improve key routes around the site and make connections with the wider communities. We will also be progressing a submission to Government for the Housing Infrastructure Fund, which will help us unlock Old Oak and Park Royal to create the first stages of a vibrant new area of North West London, ultimately with capacity for 25,500 new homes and 65,000 new jobs in one of the capital's largest brownfield sites.

As non-executive Chairman, I cannot claim credit for more than a fraction of what has been achieved. I am deeply indebted to my fellow board members for their help, support and wise counsel. I am also hugely grateful to the OPDC executive team for their hard work in delivering such a busy and challenging programme of activity. And in this context, I would particularly like to thank Victoria Hills who stepped down in April this year and who did an excellent job in setting up the MDC and Michael Mulhern who has stepped in as interim Chief Executive. Each made, and are making, the Chairman's lot a more fulfilling and even pleasurable experience than it would otherwise have been without them.

We are a Mayoral Development Corporation and it is our duty to support the Mayor in delivering on his commitment and vision to create a City for all Londoners. We continue to believe that Old Oak and Park Royal has a valuable and vital part to play in realising that vision.



Elizabeth Peace
Chairman
31 July 2018

Chief Executive Officer's Statement

During the third year of the Old Oak and Park Royal Development Corporation's (OPDC's) existence, steady progress has continued in establishing strong foundations in which to take forward what will become the most connected opportunity area in the UK. The organisation has continued to establish a sound planning framework for the area, with the Local Plan smoothly passing through the second stage consultation and a new neighbourhood area designated. There has been focus on early delivery, through the development of a Business Plan for Old Oak North setting out options to bring forward development across the area, and a couple of thousand homes consented over the last year, delivering much needed housing for the local area.

With Royal Assent of the HS2 Bill secured, and HS2 now on the ground at the site of the future Old Oak Common station, OPDC has worked hard with the HS2 team to ensure the future design will make the most of the significant opportunity to integrate with existing and future local communities, as well as enabling new development. There has been progress on making the most of Park Royal, which will see several early improvements, and the OPDC team have provided support to HS2 in their conversations with local businesses to help them prepare for the arrival of HS2. The Great Place programme and the award of £1.5 million funding from Arts Council England and Heritage Lottery Fund's Great Place Scheme to support the ambitious and community-focused project Made in Park Royal, is now well underway. We have continued to host community events including engagement forums and consultation meetings, forming strong links locally.

The appointment of Liz Peace CBE as Chairman of OPDC in April 2017 has further strengthened the organisation, and the ground-breaking of our first major scheme in September 2017 was an important milestone in demonstrating the ability of OPDC to drive forward delivery of affordable homes for Londoners. The £175m Oaklands scheme will deliver the first 605 homes and I'm confident that OPDC will continue to make early progress. Our focus now turns to how best to fund the significant future infrastructure requirements, and how best to bring forward the vast swathes of publicly owned land at Old Oak and Park Royal to support the comprehensive regeneration of the Opportunity Area. We concluded our third year of operation in a sound financial position, with the groundwork laid for the redevelopment of the area, which has the potential to deliver 24,000 new homes and 55,000 jobs in Old Oak and 1,500 new homes and 10,000 jobs on the adjoining Park Royal industrial estate.

Victoria Hills
Chief Executive Officer
(Resigned 13 April 2018)

Narrative Report

The narrative report is a statement of the Corporation's financial performance and demonstration of value for money in the use of its resources over the financial year. The Corporation's annual statement of accounts has been prepared in accordance with the 2017/18 Code of Practice on Local Authority Accounting and International Financial Reporting Standards. All local authorities in England are required to provide a narrative report with the Statement of Accounts under the Accounts and Audit Regulations.

There is also a glossary of financial terms that is intended to assist the reader to understand the specialist accounting terms that are contained within the Statement of Accounts.

1. Purpose of Major Schedules within the Financial Statements

The nature and purpose of the primary schedules included within the financial statements are set out below:

Comprehensive Income and Expenditure Statement

This statement shows both the revenue received and the costs incurred in the year of providing services, in accordance with the CIPFA Code of Practice.

Balance Sheet

The balance sheet shows the value, as at the balance sheet date, of the assets and liabilities recognised by the Corporation. The net assets of the Corporation (assets less liabilities) are matched by the reserves held by the Corporation. Reserves are reported in two categories. The first category of reserves is usable reserves, being those reserves that the Corporation may use to provide services, subject to the need to maintain a prudent level of reserves. The second category of reserves is those that the Corporation is not able to use to provide services. This category of reserves includes reserves that are impacted by timing differences shown in the movement in reserves statement line 'Adjustments between accounting basis and funding basis under regulations'.

Movement in Reserves Statement

This statement shows the movements in the year on the different reserves held by the Corporation, analysed between usable reserves and unusable reserves. The statement shows how the movement in the Corporation's reserves is broken down between gains and losses recognised on an accounting basis and the statutory adjustments required to control the amounts chargeable to council tax for the year.

Narrative Report (continued)

Statement of Cash Flows

The cash flow statement shows the movements in cash and cash equivalents of the Corporation during the financial year. The statement shows how the Corporation generates and uses cash and cash equivalents by classifying cash flows as derived from operating, investing and financing activities.

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to the user of the accounts how the funding available to the Corporation for the year has been used in providing services, in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2. Overview

Comprehensive Income and Expenditure Statement

Income and expenditure, as reported in the management accounts, shows neither a surplus nor a deficit as the GLA granted funding to meet expenditure, which fell within agreed budgets. The Comprehensive Income and Expenditure Statement shows a deficit of £0.382m due to adjustments to the cost of services for amounts not reported to management. These adjustments relate in the main to pension service costs and accumulated absences.

Balance Sheet

The balance sheet shows a net liability of £0.741m in unusable reserves relating to pensions liabilities and s106 income received advance..

Cash Flow Statement

The cash flow statement shows an increase in cash balances by £1.249m to £1.320m.

Movement in Reserves Statement

The Corporation has no usable reserves as the level of funding from the GLA matched the level of expenditure during the year. This statement shows movements relating to pensions liabilities that give rise to a negative balance on unusable reserves of £0.741m.

Narrative Report (continued)

3. An Introduction to Old Oak and Park Royal Development Corporation

The Old Oak and Park Royal Development Corporation (OPDC) is a Mayoral Development Corporation, established under the provisions of the Localism Act 2011.

On 1 April 2015, the Mayor of London established OPDC after it was identified that the transport investment from the new proposed HS2 and Crossrail interchange station could be capitalised upon to drive forward the regeneration of brownfield land within the surrounding area, developing a dynamic new heart for West London where people want to live, work and visit; driving innovation and growth in London and the

UK; and creating opportunities for local people. As a result, it has the potential to become Europe's largest regeneration project.

The High Speed Rail (London – West Midlands) Act (2017) was given Royal Assent in February 2017 and provides the legislative framework for the construction of HS2. Old Oak Common station (connecting HS2, the Elizabeth Line and National Rail) is set to open in 2026. However, there are significant opportunities to bring forward regeneration in advance of this around the existing rail stations in the area, specifically at North Acton on the Central Line and at Willesden Junction on the Bakerloo and London Overground Lines.

It is the OPDC mission to secure the maximum benefits for London and Londoners in the area, by achieving the following:

- transforming one of London's most inaccessible areas into a well-connected, world-class transport interchange;
- providing new housing and commercial development, surrounded by sustainable and thriving neighbourhoods and valued amenity space;
- protecting and improving Wormwood Scrubs.

4. Medium Term Financial Strategy

Since its inception in April 2015, the Corporation's running costs have been funded by the Greater London Authority. The Corporation's work to date has identified a significant funding gap that must be met to address the market failure arising as a consequence of the amount of strategic transport and utilities infrastructure necessary to make development viable.

The Corporation is in the process of preparing a business case to support its application for £250m of Housing Infrastructure Fund funding. The aim is to submit the bid on 10 September 2018 and it is anticipated that a decision on the application will be received within two to three months from submission. If successful, the money will be used to assemble land and commence delivery of the necessary infrastructure. Thereafter, it is the intention to recycle land value uplift into the delivery

Narrative Report (continued)

of further infrastructure to the point that the market failure is addressed and the private sector brings forward further development in Old Oak North.

If the bid is unsuccessful, alternative funding sources would be sought, without which the Corporation's ability to bring forward and influence development in the area would be limited to the use of its planning powers and encouraging third parties to deliver where possible.

5. Strategic review of the Old Oak and Park Royal Development Corporation

In June 2016, the Mayor of London commissioned the Greater London Authority to undertake a review of the strategic direction and work programme of the OPDC. This was in the context of the Mayor recognising the importance of the regeneration project to London and aimed to assess the strategic direction of the organisation and re-evaluate the programme of work. On conclusion of the review in November 2016, the GLA published the high-level findings. OPDC accepted all of the recommendations made in the review and OPDC officers drafted a plan for the implementation of the review's recommendations, with the OPDC Board maintaining regular oversight of progress.

The Mayor's high-level findings and the OPDC implementation plan are available on the following webpage;

<https://www.london.gov.uk/what-we-do/regeneration/regeneration-publications/strategic-review-old-oak-and-park-royal>

OPDC provided regular updates to each Board meeting from July 2017 onwards, reporting on the progress made and the outlook on delivering recommendations that are outstanding.

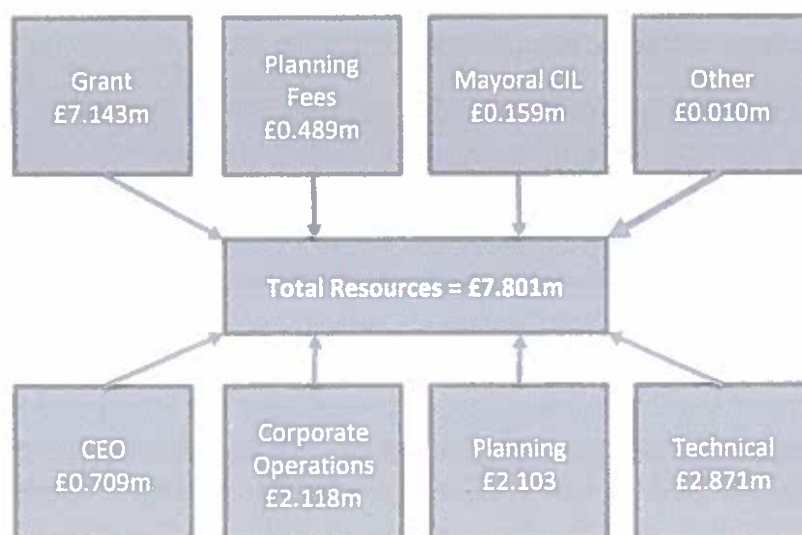
At the January 2018 Board Meeting, it was reported that of the 27 recommendations, 5 were complete and 12 related to on-going activities (therefore were treated as business as usual). The Board was updated on the remaining 10 recommendations and agreed that a report monitoring the plan was no longer required at each Board Meeting but would be provided as appropriate and at least annually.

6. 2017/18 Financial Summary

The financial performance of the Corporation is regularly monitored and reviewed throughout the year to assess financial stewardship, with strong financial management and control being a cornerstone of management practices, contributing to the

effectiveness and efficiency of programme and service delivery across the organisation.

Narrative Report (continued)



Of the approved Budget of £8.5m in 2017/18, there was net expenditure of £7.1m (excluding additional grant income), resulting in an underspend of £1.4m.

The underspend has primarily arisen from:

- early receipt of Mayoral CIL income
- delays to the works for Willesden Junction (due to prioritisation of TfL/NR projects ahead of OPDC)
- as a result of extensive engagement and promotion of the OPDC proposals for the Opportunity Area with UKPN and HS2 Ltd, UKPN gained approval from their Board to fund upgrades to the electricity supply at the Atlas Road substation
- budget being held to cover the sponsorship underwrite for the Great Place Scheme
- Underspend in salary and allowances budget due to the Corporation continuing to carry a number of staff and Board Member vacancies during the year

7. Corporation's Performance

A Strategic Plan was published in the summer of 2016 and provides the Corporation with a direction of travel for a period of three years (2016-2019). This plan also presents a set of strategic objectives which underpin the delivery of the Corporation's mission and vision. This document is underpinned by:

- An Annual Report, setting out OPDC's achievements;
- A Business Plan incorporating the OPDC's higher level milestones and delivery targets;
- An Operational Work Plan setting out a programme of work over the next three years;
- A Budget; and

Narrative Report (continued)

- Internal governance and performance management systems designed to manage and quality-assure delivery.

The organisation reports on a suite of performance indicators monthly, which includes reviewing financial performance, the staffing establishment, sickness absence and the housing planning pipeline. The Corporate Performance Dashboard for 2017/18 can be found on the following page:

<https://www.london.gov.uk/moderngov/documents/s64325/Annexe%20F%20-%20Appendix%20B%20-%20Corporate%20Performance%20Dashboard.pdf>

8. Achievements 2017/18

Some of the key achievements over the past year include:

- **Business Plan:** Old Oak and Park Royal Development Corporation approved the business plan for Old Oak North and made a bid to the Housing Infrastructure Fund for funding to unlock the area for re-development by allowing significant investment in utility and transport Infrastructure which will support the provision of circa 10,000-12,000 homes and 7,500 jobs in the area.
- **Great Place Scheme:** Secured £1.5 million through the Heritage Lottery Fund and Arts Council's Great Place Scheme – a new fund that puts arts and heritage at the heart of communities. A three year programme of world-class participatory arts and culture activities is now underway, which will uncover, showcase and celebrate the rich heritage and culture of Park Royal, and help to shape the future of Old Oak. The project will be steered and shaped by the local community, both residential and business. We have established a regular programme of community engagement events, which will result in a large advisory group from which we can draw specific knowledge and support, and several working groups for particular areas of the programme. We will provide opportunities for 2,000 'Active Citizens' to take part in the project over the course of the three years, providing them with opportunities for training and skills, improved confidence and wellbeing and encouraging wider participation in arts and culture.
- **Delivering Infrastructure & growth:** Despite good transport connections around the edges of the site, accessibility and connectivity through the site at Old Oak is poor. The area is severed by multiple railway lines and the Grand Union Canal. Consequently, there are limited crossing points and a number of barriers to movement. The site also has significant level changes which create

further connectivity challenges. OPDC has led the design development of a comprehensive Masterplan and the associated Infrastructure requirements for the Old Oak North area. This supporting information has fed into a Business

Plan allowing OPDC to apply for funding through the Housing Infrastructure Fund and we have been successful in progressing through the Expression of

Narrative Report (continued)

interest Stage. In order to facilitate the delivery of new homes and unlock Old Oak North for redevelopment, it has been imperative to develop strategies for vital infrastructure such as electrical power, heat, energy, telecommunications, schools and health care facilities. In support of our ambitious plan to build 10,000-12,000 new homes by 2033, the Infrastructure team engaged extensively with HS2, UKPN and SSE to develop the strategy for the additional electrical power needed. As a result of this engagement, UKPN went to their Board and gained approval to make an 'Opportunistic Investment' - basically providing infrastructure ahead of need. This is a first for a regulated company and is testament to the work the Infrastructure team did in demonstrating the need and strategic plans for the area. Through our engagement with HS2 we have also developed a strategy where we will collaborate and share their infrastructure, reducing disruption in the area. If we are successful in our bid for HIF funding this will kick start the development by allowing significant investment in Utility and Transport Infrastructure increasing the value of the land through improved access and utility provision. This will support the provision of circa 10,000-12,000 homes and 7,500 jobs in the area. Through our engagement with HS2 we are developing a joint strategy that could potentially make substantial savings to the public purse. This links to the Mayor's aspiration to deliver infrastructure and growth in London.

Successful procurement of consultants and inception of Park Royal Centre Masterplan: In March 2018, OPDC, in collaboration with the London Borough of Brent and Central Middlesex Hospital, procured architectural consultants, We Made That, to develop a masterplan for Park Royal Centre. This Centre was identified as a neighbourhood town centre in the Local Plan with potential to accommodate a minimum of 1,400 new jobs, 650 new homes and 3,000 sqm of new town centre floorspace, helping to deliver the Mayor's manifesto commitments on new homes and jobs. The Masterplan will look at development opportunities in the centre and recommend transport improvements with the potential to reduce congestion, including encouraging healthier modes of transport such as walking and cycling. It will also look at how the centre can be better integrated with Central Middlesex Hospital and provide enhancements to public realm helping to make the area a safer and more pleasant place for people to live, work and travel. The masterplan will be completed later this year.

Improving Air Quality: The OPDC Infrastructure team led the development of an Energy Strategy for the Opportunity Area that uses an innovative approach to extracting low carbon heat from major sewers in the area which will provide a District Heating Solution serving circa 10,000-12,000 housing units. This will

allow the base heat load (the majority of the thermal load throughout the year) for the development area to be served from sustainable low carbon sources. Providing thermal power in this manner will contribute to the improvement of the Air Quality in an area blighted by road traffic pollution.

Narrative Report (continued)

9. 2018/19

Upcoming priorities for the year ahead include:

- **Local Plan and CIL:** adopted by end of 2018/19;
- **Securing HIF funding:** including fully worked up business case with support secured from MHCLG;
- **Masterplan:** Full masterplan developed by summer 2018;
- **Infrastructure & utilities strategies:** signed off by Board;
- **Rail Stations:** Clear position on station design and delivery (HS2 & Overground stations) agreed with delivery partners;
- **Great Place Scheme:** publicly launched and early projects underway;
- **Housing delivery:** GLA delivery target of 1,300 annual homes is worked towards.

10. Corporate Risks

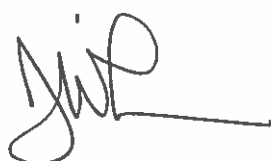
The Corporation regularly reviews risks at a project, directorate and corporate level. The table below illustrates the current top corporate risk identified by the Corporation.

Risk area	Mitigated Severity
Funding and Finance Insufficient financing/funding for Old Oak's development and infrastructure means it is not possible to realise ambitions for regenerating Old Oak.	RED

There are a further 7 risks classified with amber mitigated severity and 9 risks classified with green mitigated severity.

The full Corporate Risk Register can be found on the following webpage:

<https://www.london.gov.uk/moderngovopdc/documents/s57644/Item%2010b%20-%20Appendix%20A%20-%20OPDC%20Corporate%20Risk%20Areas.pdf>



Doug Wilson CA
Chief Finance Officer
31 July 2018

Statement of Responsibility for the Accounts

The Development Corporation's responsibilities

The Development Corporation is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. In the Development Corporation, that officer is the Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Chief Finance Officer's responsibilities

The Chief Finance Officer is responsible for the preparation of the Statement of Accounts for the Development Corporation in accordance with proper practices as set out in the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which were up to date, and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Chief Finance Officer

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Development Corporation at the accounting date and of the income and expenditure for the year ended 31 March 2018.



Doug Wilson CA
Chief Finance Officer
31 July 2018



Elizabeth Peace
Chairman
31 July 2018

*Doug Wilson CA
Chief Finance Officer
31 July 2018*

*Elizabeth Peace
Chairman
31 July 2018*

Independent Auditor's Report to members of the Old Oak and Park Royal Development Corporation

Opinion

We have audited the financial statements of Old Oak and Park Royal Development Corporation for the year ended 31 March 2018 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Comprehensive Income and Expenditure Statement;
- Balance Sheet;
- Movement in Reserves Statement;
- Statement of Cash Flows; and
- Related notes 1 to 13.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of Old Oak and Park Royal Development Corporation as at 31 March 2018 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the Annual Report and Accounts 1 April 2017 to 31 March 2018, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Local Audit and Accountability Act 2014

Arrangements to secure economy, efficiency and effectiveness in the use of resources

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, Old Oak and Park

Royal Development Corporation put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Chief Finance Officer

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities set out on page 14, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intends to cease operations, or have no realistic alternative but to do so.

The Corporation is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Old Oak and Park Royal Development Corporation had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Old Oak and Park Royal Development Corporation put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Old Oak and Park Royal Development Corporation had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Corporation has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Corporation has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Corporation's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate

We certify that we have completed the audit of the accounts of Old Oak and Park Royal Development Corporation in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Old Oak and Park Royal Development Corporation, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Old Oak and Park Royal Development Corporation and the Corporation's members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson

Ernst + Young LLP

Debbie Hanson (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

Luton

31 July 2018

Core Financial Statements

Comprehensive Income and Expenditure Statement

For the year ended 31 March 2018

		31 March 2018	31 March 2017
	Notes	£000	£000
Gross income	2	(7,801)	(6,922)
Gross expenditure	2	8,173	6,974
Net cost of services		372	52
Financing and investment expenditure	5	11	8
(Surplus) or deficit on provision of services		383	60
Corporation tax	7	(1)	(2)
(Surplus) or deficit on the provision of services after tax		382	58
Remeasurement of the net defined pension benefit liability/(asset)	10	(184)	164
Total comprehensive income and expenditure		198	222

Balance Sheet

As at 31 March 2018

		31 March 2018	31 March 2017
	Notes	£000	£000
Current assets			
Short term debtors	8	4,479	1,454
Cash and cash equivalents		1,320	71
Total assets		5,799	1,525
Current liabilities			
Short term creditors	9	(5,439)	(1,541)
Long term liabilities			
Retirement benefit obligation	10	(705)	(526)
Capital Grants Receipts In Advance	6	(396)	0
Total liabilities		(6,540)	(2,067)
Net liabilities		(741)	(542)
Reserves			
Unusable reserves	12	741	542
Total reserves		741	542

The unaudited accounts were issued on 31 May 2018 and the audited accounts were authorised for issue on 31 July 2018.

Movement in Reserves Statement

As at 31 March 2018

		General Fund £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
	Notes				
Balance as at 1 April 2017		0	0	542	542
Movement in reserves during 2017/18					
(Surplus) or deficit on the provision of services		383	383	0	383
Other Comprehensive Income and Expenditure		0	0	(184)	(184)
Total Comprehensive Income and Expenditure		383	383	(184)	199
Adjustments from income and expenditure charged under the accounting basis to the funding basis	1	(383)	(383)	383	0
Decrease or (Increase) in 2017/18		(0)	(0)	199	199
Balance as at 31 March 2018		(0)	(0)	741	741

		General Fund £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
	Notes				
Balance as at 1 April 2016		0	0	320	320
Movement in reserves during 2016/17					
(Surplus) or deficit on the provision of services		58	58	0	58
Other Comprehensive Income and Expenditure				164	164
Total Comprehensive Income and Expenditure		58	58	164	222
Adjustments from income and expenditure charged under the accounting basis to the funding basis	1	(58)	(58)	58	0
Decrease or (Increase) in 2017/18		0	0	222	222
Balance as at 31 March 2017		0	0	542	542

The adjustment between the accounting basis and funding under regulation is the same as that for the EFA (note 1), but the signage is opposite to the EFA.

	General Fund Balance £000	Movement in Unusable Reserves £000
Adjustments to the Revenue Resources		
Holiday pay (transferred to the Accumulated Absences reserve)	(19)	19
Pension cost (transferred to (or from) the Pensions Reserve)	(363)	363
Total Adjustments	(382)	382

Statement of Cash Flows

For the year ended 31 March 2018

		31 March 2018	31 March 2017
	Notes	£000	£000
Net surplus or (deficit) on the provision of services		(382)	(58)
Adjustment to surplus or deficit on the provision of services for noncash movements	11	1,235	(1,026)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		0	0
Net Cash flows from operating activities		853	(1,084)
Net Cash flows from Investing Activities		396	0
Net Cash flows from Financing Activities		0	
Net increase or (decrease) in cash and cash equivalents		1,249	(1,084)
Cash and cash equivalents at the beginning of the reporting period		71	1,155
Cash and cash equivalents at the end of the reporting period		1,320	71

Accounting Policies

a) Code of practice

The Corporation is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015. These regulations require the financial statements to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2017/18* (the Code), supported by International Financial Reporting Standards (IFRS) adopted by the European Union and statutory guidance issued under section 12 of the Local Government Act 2003.

The Statement of Accounts summarises the Corporation's transactions for the 2017/18 financial year and its position at 31 March 2018. The Corporation's financial statements have been prepared in accordance with the Code and IFRS.

b) Basis of accounting

The Accounts are made up to 31 March 2018.

The accounting policies set out below have been applied consistently in the period presented in these financial statements.

The Accounts have been prepared under the accruals concept and in accordance with the historical cost accounting convention.

Where items are sufficiently significant by virtue of their size or nature, they are disclosed separately in the financial statements in order to aid the reader's understanding of the Corporation's performance.

c) Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not when cash payments are made or received. In particular, revenue from the provision of services is recognised when the Corporation can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Corporation. Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet.

d) Going concern

The financial statements have been prepared on a going concern basis as it is considered that the Corporation will continue in operational existence for the foreseeable future and meet its liabilities as they fall due for payment.

Accounting Policies (continued)

e) *The application of new and revised standards*

The Code requires the Corporation to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the Statement of Accounts. At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- IFRS 9 Financial Instruments, which introduces extensive changes to the classification and measurement of financial assets, and a new "expected credit loss" model for impairing financial assets. The impact will be to reclassify assets currently classified as loans and receivables, and available for sale to amortised cost and fair value through other comprehensive income respectively based on the contractual cashflows and business model for holding the assets.
- IFRS 15 Revenue from Contracts with Customers presents new requirements for the recognition of revenue, based on a control-based revenue recognition model. The Council does not have any material revenue streams within the scope of the new standard.
- IAS 7 Statement of Cash Flows (Disclosure Initiative) will potentially require some additional analysis of Cash Flows from Financing Activities (disclosed at Note 33) in future years. If the standard had applied in 2017/18 there would be no additional disclosure because the Corporation does not have activities which would require additional disclosure.
- IAS 12 Income Taxes (Recognition of Deferred tax Assets for Unrealised Losses) applies to deferred tax assets related to debt instruments measured at fair value.
- IFRS 16 Leases will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases)

Of these standards, none are applicable to the Corporation.

f) *Cash and Cash Equivalents*

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

g) *Critical judgements on applying accounting policies.*

In applying the accounting policies, the Corporation has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Accounting Policies (continued)

There is a degree of uncertainty about future levels of funding for the Corporation, as the resources required to deliver housing and economic growth in the area are yet to be identified. However, the Corporation has determined that this uncertainty is not yet sufficient to provide an indication that its long-term objectives will not be achieved. A Business Plan for Old Oak North has been prepared.

h) Assumptions made about the future and major sources of estimation uncertainty

The preparation of financial statements in conformity with the Code requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Corporation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements and specifically to note 10 to the Accounts is disclosed below:

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions liability	The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rates to be used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.	The assumptions interact in complex ways. The actuaries review the assumptions triennially and changes are adjusted for in the accounts.

i) Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and it can be reliably measured.

Revenue generated from planning fees is recorded on receiving a valid application so there is very minimal risk.

The Corporation is grant-funded by the Greater London Authority therefore there is little risk in recognising this revenue income too.

j) Government grants

OPDC received grant funding from the Greater London Authority (GLA), which has no conditions and is not a specific grant, a New Burdens Grant payment for Brownfield Land Registers and s106 monies. Funding by the GLA is provided to OPDC to match their revenue (running) costs and spend profile therefore the OPDC does not hold significant grant surpluses.

Accounting Policies (continued)

k) Corporation and chargeable gains taxation

The Corporation is subject to corporation tax and complies with the Corporation Tax Acts.

l) Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

m) Employee benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within twelve months of the year-end. They include benefits such as salaries, other remuneration, paid annual leave and paid sick leave – these are recognised as an expense for services in the year in which employees render service to the Corporation. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Corporation to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged to the relevant service when the Corporation can no longer withdraw the offer of those benefits.

Post-Employment Benefits

Employees of the Corporation are members of the Local Government Pension Scheme.

The Local Government Pension Scheme

The Local Government Pension Scheme in respect of the Corporation's employees is administered by the London Pensions Fund Authority (LPFA) and is accounted for as a defined benefits scheme:

- The liabilities of the LPFA pension scheme attributable to the Corporation are included in the balance sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of earnings for current employees.

Accounting Policies (continued)

- The discount rate is the annualised yield at the 25-year point on the Merrill Lynch AA-rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities. This is consistent with the approach used at the last accounting date.
- The assets of the LPFA pension fund attributable to the Corporation are included in the Balance Sheet at their fair value as follows:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value

The change in the net pensions' liability is analysed into the following components:

- Service cost, comprising:
 - current service cost – the increase in liabilities, as a result of years of service earned this year allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs;
 - any gain or loss on settlement of a defined benefit plan when the settlement occurs; and
 - interest on the net defined benefit liability, i.e. net interest expense for the Corporation – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Re-measurements comprising:
 - the return on plan assets, excluding amounts included in the interest on the net defined benefit liability, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - actuarial gains and losses, changes in the net pensions liability that arise because events have not coincided with the assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and

Accounting Policies (continued)

- any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability/asset.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Reserves

Reserves consist of two elements, usable and unusable.

Usable reserves are those that can be applied to fund expenditure. Due to the funding arrangement OPDC does not hold any usable reserves.

Unusable reserves cannot be applied to fund expenditure as they are not cash backed. They include the pension reserve and the accumulated absences reserve.

n) Trade and other receivables

The Corporation received planning application income in 2017/18 and there are no year-end trade receivables relating to this as income is received at the point where a planning application is submitted along with S106 income, which is yet to be recognised as income as there are conditions attached which may require the monies to be returned to the contributor. The Corporation received GLA grant funding which is recognised as and when the grant is due to be paid to the Corporation. Other income received during the course of the year contributed towards specific pieces of work.

o) Trade and other creditors

Trade and other creditors are recognised at fair value and are the agreed amounts owed to suppliers

p) Collection of Mayoral CIL

The Community Infrastructure Levy (CIL) is a planning charge, introduced by the Planning Act 2008, as a tool for local authorities in England and Wales to help deliver infrastructure to support the development of their area. The Levy was ratified on 29th February 2012 and applies to developments agreed after 1st April 2012. The collection of the CIL is delegated to

Accounting Policies (continued)

the relevant planning authority in each administrative area and the planning authority is able to retain 4% of the levy to cover the costs of administration and collection. During 2017/18, Mayoral CIL contributions of £3.977m were received. The balance of £0.159m has been retained to cover administrative costs.

Notes to the Statement of Accounts

1. Expenditure and Funding Analysis

31 March 2018	Net Expenditure Chargeable to the General Fund Balances £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure Chargeable to the General Fund Balances £000
Corporation	372	0	372
Net cost of services	372	0	372
Other Income and expenditure	(372)	382	10
Surplus or deficit	0	382	382
Opening General Fund Balance at 31 March 2017	0		
Less Deficit on General Fund Balance in Year	0		
Closing General Fund Balance at 31 March 2018	0		

31 March 2017	Net Expenditure Chargeable to the General Fund Balances £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure Chargeable to the General Fund Balances £000
Corporation	52	0	52
Net cost of services	52	0	52
Other Income and expenditure	(52)	58	6
Surplus or deficit	0	58	58
Opening General Fund Balance at 31 March 2016	0		
Less Deficit on General Fund Balance in Year	0		
Closing General Fund Balance at 31 March 2017	0		

Note 1a to the EFA – Adjustment between funding and accounting basis

31 March 2018	IAS 19 Pension Adjustment £000	Accumulated Absences	Total Adjustments £000
		Adjustment £000	
Corporation	0	0	0
Net cost of services	0	0	0
Other Income and expenditure from the funding analysis	363	19	382
Difference between General Fund (surplus) or deficit and CIES (surplus) or deficit	363	19	382

31 March 2017	IAS 19 Pension Adjustment £000	Accumulated Absences	Total Adjustments £000
		Adjustment £000	
Corporation	0	0	0
Net cost of services	0	0	0
Other Income and expenditure from the funding analysis	56	2	58
Difference between General Fund (surplus) or deficit and CIES (surplus) or deficit	56	2	58

The adjustment between the accounting basis and funding under regulation is the same note as that for the Movement in Reserves Statement (MIRS), but the signage is opposite to the MIRS.

2. Gross Income and Expenditure Summary

Gross income and expenditure recognised in the Comprehensive Income and Expenditure Statement comprises:

Income	31 March 2018	31 March 2017
	£000	£000
GLA Income	(7,143)	(6,323)
Planning Application fees	(489)	(551)
Mayoral CIL Administration	(159)	0
Other	(10)	(48)
Total Income	(7,801)	(6,922)

Expenditure	31 March 2018	31 March 2017
	£000	£000
Employee benefits expenses	2,631	2,854
Other service expenses	664	627
Consultancy and Professional Fees	4,377	2,927
Support service recharges	501	566
Gross Expenditure	8,173	6,974

Amounts included in the costs of services within the Comprehensive Income and Expenditure Statement but not reported to management within the in-year budget monitoring reports include pension service costs and Corporation Tax.

3. External Audit Fees

External audit fees are made up as follows:

	31 March 2018	31 March 2017
	£000	£000
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor	15	17
Fees payable in respect of other services provided by the appointed auditor over and above external audit services	0	10

As a not for profit company established by the Local Government Association, PSAA made a distribution of surplus funds to principal local government and police bodies in 2017/18, of which the OPDC element was £2,230.00. The distribution was made possible by the transfer of an element of the Audit Commission's retained earnings prior to its closure in March 2015 and by PSAA continuing to generate surplus funds and make further efficiencies since its establishment.

4. Remuneration

The remuneration of senior employees, defined as those who are members of the Executive Management Team, was as set out below;

2017/18

OPDC Staff	Name of Post Holder	Salary (including fees and allowances) £	Compensation for loss of office £	Employer Pension Contributions £	Total Remuneration including pension contributions £
Chief Executive Officer	Victoria Hills	112,383.90	-	13,486.07	125,869.97
Director of Planning	Michael Mulhern	84,267.15	-	10,112.06	94,379.21
Head of Communications and Engagement ¹	Patora Dyma	52,852.29	-	6,342.28	59,194.57
Chief Operating Officer ²	Douglas Wilson	37,488.61	-	4,498.64	41,987.25
Commercial Director ³	Benjamin O'Neill	9,881.40	-	1,185.77	11,067.17

¹ - This appointment is effective from 03/07/2017. Annual Equivalent Salary is £70,239.00

² - This appointment is effective from 04/12/2017. Annual equivalent Salary is £112,385.00

³ - This appointment is effective from 19/02/2018. Annual equivalent Salary is £90,099.00

2016/17

OPDC Staff	Name of Post Holder	Salary (including fees and allowances) £	Compensation for loss of office £	Employer Pension Contributions £	Total Remuneration including pension contributions £
Chief Executive Officer	Victoria Hills	119,094.68	-	13,091.36	132,186.04
Director of Planning	Michael Mulhern	78,399.83	-	9,407.98	87,807.81
Director of Development	Paula Hirst	79,731.59	50,436.00	9,567.79	139,735.38

The Code requires disclosure of remuneration for the Corporation's employees whose total remuneration in the year was £50,000 or more, grouped in rising bands of £5,000. In line with the Code, entries are banded according to actual payments in the year (excluding employer's pension contributions), rather than annual equivalent salaries.

The table below discloses permanent Officers on the Corporation's payroll, but excludes the Executive Management Team, seconded staff, agency staff and contractors.

Remuneration Band (£)	2017/18 Number of Employees	2016/17 Number of Employees
£		
50,000 - 54,999	4	3
55,000 - 59,999	2	2
65,000 - 69,999	2	-
	8	5

Termination Benefits

The code requires the separate disclosure of the number and cost of compulsory and voluntary severance termination packages agreed during the year. One member left on the Corporation's voluntary severance terms, the total cost of which was £3,868.

4. Remuneration (continued)

OPDC is committed to supporting and harnessing a diverse and modern workforce and employs approximately 46 staff in full-time and part-time positions, including apprentices and secondees from across the GLA Group.

Members' remuneration

2017/18

Name	Title	Salary (inc fees and allowances) £000	Expenses £000	Employer's NI £000	Total remuneration £000
Gordon Adams	Planning Committee Member	1	-	-	1
Amer Hussain Agha ⁱ	Planning Committee Member	1	-	-	1
Julian Bell	Board Member	14	-	1	15
Muhammed Asghar Butt	Board and Appointments & Remuneration Committee Member	14	-	1	15
Stephen Cowan	Board Member	14	-	1	15
Rahul Gokhale	Board Member	14	-	1	15
Wesley Harcourt	Planning Committee Member	2	-	-	2
Colin Haylock	Planning Committee Member	2	1	-	3
William Anthony Hill ⁱⁱ	Board Member and Investment Committee Member	5	-	0	5
William McKee	Board and Planning Committee Member	20	1	2	22
Sarah-Louise Marquis ⁱⁱⁱ	Planning Committee Member	-	-	-	-
Jordan Nash ^{iv}	Board and Appointments & Remuneration Committee Member	-	-	-	-
Elizabeth Peace ^v	Chairman and Investment Committee Member	24	0	2	27
Natalia Perez	Planning Committee Member	2	-	-	2
Victoria Quinlan ^{vi}	Board and Audit Committee Member	-	-	-	-
Stuart Robinson	Planning Committee Member	2	-	-	2
Eric Sorensen	Board, Audit Committee and Appointments & Remuneration Committee Member	20	-	1	21
Amanda Souter	Board Member	14	-	1	15
Hitesh Tailor	Planning Committee Member	2	-	-	2

ⁱ - This appointment is effective from 24/08/2017 therefore does not reflect a full year's salary

ⁱⁱ - This appointment is effective from 30/11/2017 therefore does not reflect a full year's salary

ⁱⁱⁱ - This appointment ceased on 17/05/2017 therefore does not reflect a full year's salary

^{iv} - This appointment ceased on 09/07/2017 therefore does not reflect a full year's salary

^v - This appointment is effective from 18/04/2017

^{vi} - This appointment is effective from 30/11/2017 and is voluntarily unremunerated

4. Remuneration (continued)

2016/17

Name	Title	Salary (inc fees and allowances) £000	Expenses £000	Employer's NI £000	Total remuneration £000
Gordon Adams	Planning Committee Member	2	-	-	2
Julian Bell	Board Member	14	-	3	17
Muhammed Asghar Butt	Board and Appointments & Remuneration Committee Member	14	-	3	17
Stephen Cowan	Board Member	14	-	1	15
Rahul Gokhale	Board Member	14	-	1	15
Wesley Harcourt	Planning Committee Member	2	-	-	2
Colin Haylock	Planning Committee Member	2	1	-	3
William McKee	Board and Planning Committee Member	18	1	1	20
Sarah-Louise Marquis	Planning Committee Member	2	-	-	2
Jordan Nash	Board and Appointments & Remuneration Committee Member	16	-	1	17
Natalia Perez*	Planning Committee Member	-	-	-	-
Stuart Robinson	Planning Committee Member	2	-	-	2
Eric Sorensen	Board, Audit Committee and Appointments & Remuneration Committee Member	20	-	2	22
Amanda Souter	Board Member	14	-	1	15
Hitesh Tailor	Planning Committee Member	2	-	-	2

*This appointment is effective from 27/02/2017

Members of the OPDC Board, Committees who are the Mayor or a member of the London Assembly, a member of staff of the GLA, or an employee of another statutory or public body may claim expenses but shall not be eligible to claim the Basic Board Allowance or any Committee Allowance.

5. Financing and investment expenditure

	31 March 2018 £000	31 March 2017 £000
Net interest on the net defined benefit liability	13	9
Other bank and finance charges/credits	(2)	(1)
Total	11	7

6. Grant Income

Capital Grants Receipts in Advance - Long Term Liabilities

	31 March 2018	31 March 2017
	£000	£000
S106 Grant	(396)	0
Total	(396)	0

Grants Credited to Services

	31 March 2018	31 March 2017
	£000	£000
Functional Bodies Contributions	(7,143)	(6,266)
Other Government Grants	(6)	0
Total	(7,149)	(6,266)

7. Corporation tax

a) Corporation tax

The corporation tax credit to the Income and Expenditure account for the year to 31 March 2018 includes a prior year credit adjustment of £1,500 which relates to an increased amount of corporation tax recoverable for the year to 31 March 2016 due to the carry back of revised losses of tax year to 31 March 2017.

	31 March 2018	31 March 2017
	£ 000	£ 000
Net deficit on provision of services	382	60
Corporation Tax at 19% *	(73)	(12)
Effect of:		
Disallowable items	0	2
Pension scheme adjustments	74	8
Prior year adjustments	(2)	0
Deferred tax not provided on fixed asset timing differences	0	0
Corporation Tax	(1)	(2)

* Year to 31 March 2017: 20%

Provision to meet the Corporation's corporation tax liability has been made at 19%.

b) Deferred tax

The Corporation had potential deferred tax assets as shown in the table overleaf. No deferred tax assets have been recognised in view of the uncertainty of future taxable profits.

7. Corporation tax (continued)

	31 March 2018	31 March 2017
	£ 000	£ 000
Assets due to:		
Pension scheme liabilities	119	89
Timing differences on fixed assets	4	6

These potential deferred tax assets have been calculated using the tax rate at which the asset is expected to reverse which is 17% for the year to 31 March 2018 (17% for the year to 31 March 2017).

8. Short term debtors

	31 March 2018	31 March 2017
	£000	£000
Debtor (GLA)	3,878	1,096
Prepaid Expenses	0	11
Other functional bodies	0	13
Taxation Debtor (HMRC)	588	326
Other entities and individuals	13	8
Total	4,479	1,454

The Corporation has entered into a grant agreement with the Greater London Authority to finance the Corporation's expenditure.

9. Current liabilities

	31 March 2018	31 March 2017
	£000	£000
Current liabilities		
Corporation Tax creditor (HMRC)	(1)	(47)
Local Authorities & Functional Bodies	(3,235)	(1,487)
Other entities and individuals	(2,203)	(8)
Total	(5,439)	(1,541)

10. Pensions

The Corporation offers retirement benefits as part of the terms and conditions of employment to its employees. Employees of the Corporation are members of the Local Government Pension Scheme (LGPS).

Local Government Pension Scheme

The Corporation provides the opportunity for its employees to participate in the Local Government Pension Scheme. The LGPS is administered by the London Pensions Fund Authority (LPFA) and is a defined benefit statutory scheme where the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The LGPS is triennially valued in accordance with the provisions of the Local Government Pension Scheme

10. Pensions (continued)

Regulations (2013). The fund's actuaries, Barnett Waddingham, carried out a full triennial valuation as at 31 March 2016. Employer's and employees' contributions to the Scheme were determined by the actuary following this valuation and the value of the liabilities as at this date has been rolled forward. Under pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund. The primary rate of contribution as defined by Regulation 62(5) for each employer for the period 1 April 2017 to 31 March 2020 is employer's contribution rate for 2017/18 was 12%. Members pay contributions at rates correlating to pensionable salary bands. A surplus or deficit on the account would lead to an adjustment to the contribution rates, which are reviewed every three years.

Principal assumptions used by the actuary

	31 March 2018	31 March 2017
Life expectancy from age 65 Years	Years	Years
Retiring today		
Males	22.5	22.4
Females	24.7	24.6
Retiring in 20 years		
Males	24.8	24.7
Females	26.9	26.8

Financial assumptions	31 March 2018	31 March 2017
	% per annum	% per annum
Salary increases	3.8	4.2
Pension increases	2.3	2.7
Discount rate	2.6	2.8

CPI is assumed to be 1.0% p.a. below RPI i.e. 2.25% p.a (2017: 0.9% p.a. below RPI i.e. 2.7% p.a)

The assumptions used to measure events in the accounting period from 1 April 2017 to 31 March 2018 are set with reference to market conditions at 31 March 2018.

The estimate of the duration of the employer's liabilities is 41 years.

Amounts charged to the Comprehensive Income and Expenditure Statement

	31 March 2018	31 March 2017
	£000	£000
Service cost	498	170
Administration expenses	1	0
Total included in net cost of services	499	170
Net interest on the defined liability	13	9
Total included in deficit on provision of services before tax	13	9
Remeasurement of the net defined benefit (asset) / liability	(184)	164
Total	328	343

10. Pensions (continued)

Reconciliation of present value of the defined benefit obligation

	31 March 2018	31 March 2017
	£000	£000
Opening defined benefit obligation	(956)	(681)
Current service cost	(498)	(170)
Interest cost	(32)	(28)
Change in financial assumptions	171	(365)
Change in demographic assumptions	0	7
Experience gain/(loss) on defined benefit obligation	0	368
Liabilities extinguished/(assumed) on settlements	0	0
Estimated benefits paid net of transfers in	(234)	0
Contribution by Scheme participants	(109)	(87)
Closing defined benefit obligation	(1,658)	(956)

Reconciliation of fair value of Fund assets

	31 March 2018	31 March 2017
	£000	£000
Opening fair value of Fund Assets	430	375
Interest on assets	19	19
Return on assets less interest	13	78
Other actuarial gains/(losses)	0	(252)
Administration expenses	(1)	0
Contributions by employer including unfunded	149	123
Contribution by Scheme participants	109	87
Estimated benefits paid plus unfunded net of transfers in	234	0
Settlement prices received	0	0
Closing Fair Value of Fund assets	953	430

The total return on the fund assets for the year to 31 March 2018 is £32,000.

The amount included in the Balance Sheet arising from the Corporation's obligation in respect of its defined benefit plans is as follows:

	31 March 2018	31 March 2017
Present value of the defined benefit obligation	(1,658)	(956)
Fair Value of Fund assets	953	430
Net liability arising from defined benefit obligation	(705)	(526)

Local Government Pension Scheme assets comprised:

	31 March 2018		31 March 2017	
Employer asset share - bid value	£000	%	£000	%
Equities	566	59	254	59
Target Return Portfolio	217	23	91	21
Infrastructure	48	5	23	6
Property	71	7	22	5
Cash	51	5	40	9
Total	953	100	430	100

Please note that the individual percentages shown are to the nearest percentage point for each asset class and may not sum to 100%.

10. Pensions (continued)

Sensitivity analysis

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a +/- year age rating adjustment to the mortality assumption.

	£000	£000	£000
Adjustment to discount rate	0.1%	0.0%	-0.1%
Present value of total obligation	1593	1658	1725
Projected service cost	423	440	458
Adjustment to long term salary increase	0.1%	0.0%	-0.1%
Present value of total obligation	1662	1658	1654
Projected service cost	440	440	440
Adjustment to pension increases and deferred revaluation	0.1%	0.0%	-0.1%
Present value of total obligation	1722	1658	1597
Projected service cost	458	440	423
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	1711	1658	1607
Projected service cost	454	440	426

11. Cash flow note

Adjustments to net deficit for non-cash movements

	31 March 2018	31 March 2017
	£000	£000
Increase/(decrease) in creditors	3,898	(1,106)
(Increase)/decrease in debtors	(3,026)	24
Movement in pension liability	363	56
Adjustment to net deficit for non-cash movement	1,235	(1,026)

The cash flows from operating activities include nil interest received for the year ending 31 March 2018.

12. Reserves

Usable reserves

At the end of the financial year, the Corporation had no usable reserves.

Unusable reserves

	31 March 2018	31 March 2017
	£000	£000
Pension Reserve	705	526
Accumulated Absences Account	36	16
Total	741	542

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Corporation accounts for post-employment benefits, in the Comprehensive Income and Expenditure Statement, as the benefits

12. Reserves (continued)

are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Corporation makes employee contributions to pension funds or eventually pays any pension for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a shortfall between the benefits earned by past and current employees and the resources that the Corporation has set aside to meet them.

The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account. As there was no settlement or cancellation of accrual made at the end of the preceding year, amounts accrued in this year are the same as the amount by which officer remuneration is charged to the Comprehensive Income and Expenditure Statement on an accrual basis. A further breakdown within pension reserves is shown in the table overleaf.

	31 March 2018	31 March 2017
	£000	£000
Balance 1 April	526	306
Remeasurement of the net defined benefit liability/(asset)	(184)	164
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	512	179
Employer's pensions contributions and direct payments to pensioners payable in the year	(149)	(123)
Balance 31 March	705	526

13. Related party transactions

The Corporation is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Corporation or to be controlled or influenced by the Corporation. Disclosure of these transactions allows readers to assess the extent to which the Corporation might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Corporation.

13. Related party transactions (continued)

The related parties to the Corporation are:

- central government;
- other public bodies (including the Greater London Authority and other local authorities); and
- its Members and Executive Management Team.

Central government and other public bodies – Income and Expenditure

All relationships were as delivery partners to the Corporation and significant transactions for the years ended 31 March 2018 were as follows:

	31 March 2018	31 March 2017
	£000	£000
Income		
Greater London Authority	(7,149)	(6,323)
Expenditure		
Central Government		84
Local Government	141	186
Greater London Authority	668	795
Functional Bodies of the GLA	4,360	682

Year end outstanding balances are detailed in notes 8 and 9.

Members and Executive Management Team – Income and Expenditure

Members of the Corporation have direct control over the Corporation's financial and operating policies. The total of members' allowances paid in 2017/18 is shown in note 4.

Members and the Executive Management Team were required to complete a declaration regarding any related party transactions with the Corporation, which are subject to external audit.

There were no disclosures by Members or the Executive Management Team in 2017/18 under the related party transactions declaration.

Annual Governance Statement

Local authorities are statutorily required to review their governance arrangements at least once a year. Preparation and publication of an Annual Governance Statement in accordance with the CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) (the Framework) fulfils this requirement. The Framework requires local authorities to be responsible for ensuring that their business is conducted in accordance with all relevant laws and regulations, public money is safeguarded and properly accounted for and that resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.

The Framework also expects that local authorities will put in place proper arrangements for the governance of their affairs which facilitate the effective exercise of functions and ensure that the responsibilities set out above are being met.

The Corporation has adopted the requirements of the CIPFA/SoLACE Framework Delivering Good Governance in Local Government Framework 2016 and a number of specific strategies and processes for strengthening corporate governance, putting in place effective internal arrangements that will provide assurance over the adequacy of the Corporation's governance and effective systems of internal controls to meet its objectives.

Scope of responsibility

The Old Oak and Park Royal Development Corporation is a Mayoral Development Corporation, established on 1 April 2015, under the provisions of the Localism Act 2011.

The Development Corporation is a functional body of the GLA, which operates within the overall legislative and governance framework provided by the GLA Acts 1999 and 2007; the Mayor of London appoints members to its Board and allocates its budgets. The Development Corporation became planning authority within its Mayoral development area on 1 April 2015.

The Mayor is also able to direct the Development Corporation in the exercise of its functions, and to delegate functions to it.

The Development Corporation is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility, the Development Corporation is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and including arrangements for the management of risk.

The purpose of the governance framework

The governance framework describes the systems and processes by which the Development Corporation is directed and controlled, how it is accountable to its stakeholders and communities, and how it monitors the achievement of its strategic objectives and value for money.

The system of internal control is a significant part of this framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on a continuous process designed to identify and prioritise risks, to evaluate the likelihood and potential impact of those risks being realised, and to mitigate and manage them efficiently, effectively and economically.

The governance framework has been in place at the Development Corporation for the year ended 31 March 2018 and up to the date of approval of the Statement of Accounts.

The governance framework

Board and committees

The Development Corporation's Board and committees operate within the governance and openness framework prescribed by the Local Government Act 1972. During the year ended 31 March 2018 the Development Corporation's committee structure was as follows:

- **Audit Committee**

To ensure the efficient and effective discharge of the Development Corporation's functions, through the proper administration of the Development Corporation's financial affairs including but not limited to the maintenance, preparation and audit of accounts, internal controls and risk management and internal and external audit.

- **Appointments and Remuneration Committee**

To take decisions on behalf of the Board on appointments, remuneration and staffing structures and to advise the Board on organisational design and senior level appointments.

- **Investment Committee**

To make recommendations and decisions in relation to financial matters and investments in land, infrastructure and property on behalf of the Board.

- **Planning Committee**

To enable transparent, efficient and effective discharge of the Development Corporation's functions to determine planning applications and to respond to consultation on applications on which the Development Corporation is a consultee.

Committee members must be members of the Development Corporation's Board, except where the Mayor of London has approved the appointment of additional members. He has done so in relation to the Planning Committee, which is comprised

of one Board member, four elected members from the boroughs, and three independent members appointed following advertisement.

Attendance at Board and Committee meetings by members is detailed in the table below.

Attendance at OPDC Board and Committee Meetings 2017-2018				
Members	Meetings of the Board attended	Meetings of the Audit Committee attended	Meetings of the Planning Committee attended	Meetings of the Appointments & Remuneration Committee attended
Total number of meetings in the period	7	2	7	2
Elizabeth Peace (Chair)	7	-	-	-
Gordon Adams	-	-	6	-
Cllr. Amer Ajlani	-	-	2	-
Cllr. Julian Bell	6	-	-	-
David Biggs	3	-	-	-
Cllr. Muhammed Butt	6	-	-	2
Cllr. Stephen Cowan	4	-	-	-
Rahul Gokhale	6	-	-	-
Cllr. Wesley Harcourt	-	-	6	-
Colin Haylock	-	-	7	-
William Hill	2	-	-	-
William McKee CBE	6	2	6	-
Cllr. Sarah Louise Marquis	-	-	1	-
Professor Jordan Nash	2	-	-	1
Cllr. Natalia Perez	-	-	5	-
Julie Pipe	3	-	-	-
Victoria Quinlan	1	1	-	-
Stuart Robinson	-	-	7	-
Eric Sorensen	7	2	-	2
Amanda Souter	6	-	-	-
Cllr. Hitesh Tallor	-	-	7	-

Vision and performance

The Development Corporation's vision, purpose and strategic objectives are set out in its Strategic Plan, which was published in May 2016.

The Strategic Plan sets priorities and performance indicators. Performance is reported through quarterly reports to the Board and quarterly reports to the GLA on financial and service performance. Financial performance is also reported through quarterly management accounts.

Standing orders, delegations and code of conduct

Key governance documents for the Development Corporation comprise:

- Standing Orders, which set out arrangements for the conduct of meetings, recording of decisions and managing conflicts of interest, and also include the Members' Code of Conduct and Gifts and Hospitality Code.
- Scheme of Delegation, which sets out arrangements for delegation of decisions to committees and officers.
- Scheme of Planning Delegations, which sets out how the Development Corporation will discharge some of its town and country planning functions and responsibilities through delegation to the Planning Committee and Planning Officers.
- Planning Code of Conduct, which sets out the approach of Planning Officers and the Planning Committee Members to planning decision-making.
- Financial Regulations, which set out the framework for managing the Development Corporation's financial affairs.

- Contracts and Funding Code, which sets out policies in relation to the proper procurement of goods, services, supplies and works.

These documents have all been in place throughout 2017/18.

All the above documents are available on the Development Corporation's website.

A staff code of conduct (and other people management policies) are published on the Development Corporation's intranet site, and issued to staff as part of their induction process.

The governance arrangements will continue to be reviewed and updated to ensure that the organisation's structures and decision-making processes remain appropriate to the Development Corporation's changing role.

Risk management, fraud and corruption

The Development Corporation's risk management processes are based on embedding risk management in all aspects of its work programme and ensuring that programme-wide and project risks are identified, quantified, mitigated and monitored effectively. The primary objective is to have effective strategies in place to control risks through reducing the likelihood of a risk arising, reducing the likely impact of a risk should it arise, or – where possible – eliminating the risk.

Risks and issues are managed at various different levels across the organisation: risks and issues within a project are managed by project managers; risks and issues within a directorate are managed by the relevant executive director; and corporate risks are owned by the Senior Management Team. Risks are managed through the Development Corporation's programme and project management reporting system.

Corporate-level risks and issues are identified through analysing the risk register and considering any other risks and issues impacting on the Development Corporation. These are agreed by the Senior Management Team and the risks are summarised in the Development Corporation's Strategic Plan. Updates on corporate risks and issues are reported to the Board and to Audit Committee.

The Development Corporation has an Anti-Fraud, Bribery and Corruption Policy and a Whistle Blowing Policy. Measures include processes to prevent and detect fraud. Preventative controls include the Development Corporation's policies and procedures, including senior management authorisation of new suppliers, separation of functions for raising and authorising purchase orders, and other decision-making, procurement and accounting processes. Key detective processes and controls are the systems for authorisation of accounts payable and receivable, general ledger journals and payroll allied to senior management scrutiny of the quarterly management accounts.

The Development Corporation undertakes quantified risk assessments on its corporate level risks and on major project risks to inform contingency management. It

is also in the process of developing a risk appetite statement and held a training programme for all staff on project risk management.

Management of change

Financial and legal controls compliance

The Development Corporation's financial management arrangements conform to the governance requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) statement on the Role of the Chief Financial Officer in Local Government:

- The Chief Finance Officer of the Development Corporation (designated in accordance with Section 127 of the Greater London Authority Act 1999) is Doug Wilson, a member of the Institute of Chartered Accountants of Scotland (ICAS). The Chief Finance Officer sits on the Senior Management Team and is able to attend all Board and committee meetings. He prepares the budget and corporate plan, including leading internal review processes, and is party to all material business decisions. Financial advice is included on all Board papers and sign-off is required above the thresholds specified in the Scheme of Delegation.
- The Chief Finance Officer is also responsible for financial controls, for corporate programme management, for performance measurement and for supporting the Audit Committee's work (including internal audit).
- The Chief Finance Officer is supported by a team of finance and performance professionals.

The Development Corporation ensures compliance with relevant laws and regulations through shared service arrangements with Transport for London for legal and procurement services. These shared service arrangements came into effect on 1 April 2015. Legal advice is required for all significant decisions, whether taken by the Board or under delegated authority, and is recorded in Board and other decision papers. All contracts entered into by the Development Corporation must also be approved by the legal team for signing.

Compliance with other legislation (e.g. employment or procurement) is ensured by the working policies, procedures and practices of the relevant Development Corporation team. Policies are approved by the Senior Management Team following consultation with employees and are available for staff on the Development Corporation's intranet.

Audit Committee and internal audit

The Audit Committee helps to raise the profile of internal control and risk management within the Development Corporation through considering a standing item on internal control and risk management at each meeting and reporting back to the Development Corporation's Board. It raises the profile of financial reporting issues within the organisation through a report at every meeting from Chief Finance Officer, which reports on key activities including those relating to finance and governance, and reporting back to the Development Corporation's Board. The Audit Committee also helps to raise the profile of internal control, risk management and financial reporting

by requesting information on individual areas of concern and asking the internal auditors to review particular areas of risk. Audit Committee meetings are held in public and the papers are made available on the Development Corporation's website which helps to enhance public trust in the Corporation's financial governance.

The Audit Committee is made up of members of the Development Corporation's Board. It includes members with both public and private sector experience with expertise in areas including finance, audit, law and governance.

The Mayor's Office for Policing and Crime (MOPAC) were appointed by the Board as the Development Corporation's internal auditors, and their work is reported to, and monitored and reviewed by, the Audit Committee. MOPAC assist in the promotion of good governance through implementation of the Internal Audit Plan, as approved by the Audit Committee. The Internal Audit Plan includes individual audits on activities identified as areas of risk. When complete the reviews are reported to the executive and the Audit Committee. The Development Corporation's progress against agreed internal audit recommendations is monitored regularly and reported to the Audit Committee. The internal auditors provide an annual report summarising their findings for the year, attend the OPDC's Audit Committee and have regular meetings with the External Auditors.

The following reviews from the audit plan were finalised, receiving adequate audit assurance, with the audits of Contract Management and Planning Powers due for finalisation shortly:

- Risk Management Framework
- Payroll Audit
- Programme and Project Management Framework

The Committee also approved the proposed work programme included within the 2018/19 Internal Audit Strategy.

The terms of reference of the Audit Committee, along with Committee meeting dates, papers and minutes can be accessed using the following link:

<https://www.london.gov.uk/moderngovopdc/ieListMeetings.aspx?CId=379&Year=0>

Greater London Authority (GLA) Corporate Governance

The Development Corporation is a functional body of the GLA and complies with its annual budgeting process, engages with the London Assembly and its committees as required and also fulfils the requirements of any Mayoral directions given. There is also an on-going dialogue with the Mayor's office to ensure that the activities of the Development Corporation are aligned with the Mayor's general policy framework.

The Development Corporation also complies with the requirements of the GLA Group Corporate Governance Framework Agreement, to ensure that common standards and procedures, in relation to governance and transparency are in place and appropriately adhered to. In adopting this framework, OPDC agreed to carry a firm commitment to being open, transparent and accountable for the Corporation's actions and behaviour. This agreement thereby has in place a Code to set down the requirements for, and to govern the activities of, elected members and, particularly in OPDC's case, its Board and Committee members. The Code also sets the requirement to govern the activities of its staff.

The Code is to be regularly reviewed by the GLA's Standards Committee and the organisation, therefore, has robust systems in place to manage alleged breaches of that Code.

Whistleblowing and complaints

The Development Corporation's Whistleblowing Policy is on its website, available for all staff

Meeting development needs of members and senior staff

OPDC is committed to supporting and harnessing a diverse and modern workforce and employs approximately 46 staff in full-time and part-time positions, including apprentices, secondees and shared service resources from across the GLA Group, with a workforce generally reflecting the diversity of the community we serve.

The development of the skills and capacity of staff, managers and teams to perform effectively and respond to the ongoing organisational change is incorporated within the Corporation's performance management framework for staff. A range of flexible and structured development options to develop staff competencies and careers are available, as well as opportunities for team and management development. Board members are offered tailored induction meetings, and additional briefing sessions were held throughout the year. Staff training has addressed corporate governance and approval issues through presentations at team meetings across the organisation.

Community engagement and partnership

The Development Corporation's Community and Business Engagement Teams manage a programme of active engagement with local people, through participation in relevant local community forums.

During the course of the financial year, the Development Corporation has progressed the development of the Local Plan and the Community Infrastructure Levy (CIL).

The Development Corporation has partnership arrangements in place with a number of bodies, including local authorities and landowners and other stakeholders.

Governance review

The Development Corporation's governance arrangements were reviewed during 2016/17 as part of the review of the strategic direction and work programme of the OPDC, commissioned by the Mayor in June 2016.

The resulting report contained a range of recommendations. Specifically, it focussed on the implications of the current Memorandum of Understanding for the transfer of publicly owned land to OPDC, which was originally agreed between the Corporation and the Secretary of State for Transport during the previous administration. It also reviewed the current OPDC Governance structure; advising changes to the composition of both the Board and Committees.

In response to this report, OPDC has developed an implementation plan which provides details on how the Corporation proposes to implement the recommendations, whilst also providing dates for completion.

OPDC provided regular updates to each Board meeting from July 2017 onwards, reporting on the progress made and the outlook on delivering recommendations that are outstanding.

At the January 2018 Board Meeting, it was reported that of the 27 recommendations, 5 were complete and 12 related to on-going activities (therefore were treated as business as usual). The Board agreed that a report monitoring the plan was no longer required at each Board Meeting but would be provided as appropriate and at least annually..

The full implementation plan has been published,(<https://www.london.gov.uk/about-us/organisations-we-work/old-oak-and-park-royal-development-corporation-opdc/opdc-structure-16>), with the specific Governance issues as follows:

Issue	Response
That the OPDC, working with the GLA, investigates the feasibility and implications of redrawing the Corporation's boundary so as to exclude Wormwood Scrubs.	<p>Wormwood Scrubs is the largest open space within the OPDC boundary. It is managed by the Wormwood Scrubs Charitable Trust, and protected by the Wormwood Scrubs Act 1879, the Commons Act 2006 and as Metropolitan Open Land in the London Plan, which affords the Scrubs the same level of protection as Metropolitan Green Belt. This protection will continue.</p> <p>The vision for Wormwood Scrubs contained in the draft Local Plan is that it will continue to be a much-cherished public open space and important ecological asset. New sensitive connections and carefully considered improvements will bring Old Oak and White City together and make the Scrubs more accessible to all Londoners. These connections will be agreed by the</p>

	<p>Wormwood Scrubs Charitable Trust and in discussion with the London Borough of Hammersmith and Fulham and the local community.</p> <p>Officers are considering the implications of redrawing OPDC's boundary to remove Wormwood Scrubs will be discuss this with OPDC Board and the Mayor in due course. Should the decision be to proceed with a public consultation on this proposal, it would be advisable for this not be able to take place until after OPDC's Local Plan is adopted.</p>
<p>A new Chair must be appointed as a matter of urgency to signal how serious the Mayor is about bringing forward appropriate development in the area. This Chair must have close working relationships with City Hall, share the Mayor's vision and be able to champion the asks of Government outlined above</p>	<p>Elizabeth Peace was appointed as Chairman and confirmed by the London Assembly in April 2017.</p>
<p>The DCLG, DfT, Network Rail and HS2 public officials should be asked to step down from the Board and offered observer status instead.</p> <p>The resulting vacancies on the Board should be used to recruit experts with property and commercial knowledge and experience – and preferably local knowledge</p>	<p>The HS2 Board Member resigned in November 2016 and the DfT and DCLG Board members resigned in April 2017. It is recommended that all three organisations attend as observers instead. OPDC officers will discuss options for Network Rail's membership of the Board with the Chair.</p> <p>Two new Board members were be recruited with expertise in commercial and property issues (as per recommendation 5d). Board members are Mayoral appointments, and the Board will need to ratify the appointment of observers to the Board.</p> <p>Contracts for a number of the independent members on OPDC's Board run until September 2018. OPDC will shortly be commencing an open and transparent recruitment exercise.</p>
<p>Support for business and community Board members must be provided to enable them to properly represent their constituent groups. Other</p>	<p>The Mayor's consolidated budget for 2017/18 contained a contingency fund to, amongst other issues, allow OPDC to fully implement the recommendations contained in the review.</p>

regular forums outside the Board and Planning Committee should be developed to allow the voice of business and the community to be heard and shape decision making.

It has now been agreed with both the Community and Business Board members that a dedicated officer will be appointed to support them with their workload and priorities and officers are working to progress these appointments.

The Development Corporation will address these and other issues that arise, in order to enhance its governance arrangements, and will keep these under review to ensure fitness for function.

The Board and Committees

Board

During the year, the Board was comprised of the following Members;

Members

- Councillor Julian Bell – Leader of Ealing Council
- Councillor Muhammed Butt – Leader of Brent Council
- Councillor Stephen Cowan – Leader of Hammersmith & Fulham Council
- Rahul Gokhale – Chair, Park Royal Business Group
- William Hill – Chair, Chairman at Ediston Property Investment Company plc and former Head of Property at Schroders plc
- William McKee – Chair, Outer London Commission
- Elizabeth Peace – Chairman and former Chief Executive of the British Property Federation
- Victoria Quinlan – Managing Director - Investment Management for Lendlease
- Eric Sorensen – Former Chief Executive, London Docklands Development Corporation and the Millennium Commission
- Amanda Souter – Chair, Wells Road Residents Association

The following Member left during the year;

- Professor Jordan Nash – Imperial College London
- David Biggs – Managing Director Network Rail Property

Observers

Representatives from the Greater London Authority, Transport for London, Department for Transport and the London boroughs of Brent, Ealing and Hammersmith & Fulham, High Speed 2, The Ministry of Housing, Communities and Local Government, Infrastructure and Projects Authority and Network Rail are observers to the Board.

Appointments & Remuneration Committee

- Eric Sorensen (Chair)
- Councillor Muhammed Butt

Audit Committee

- Victoria Quinlan (Chair)
- William McKee
- Eric Sorensen

Investment Committee

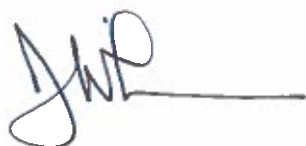
- Elizabeth Peace (Chair)
- Councillor Stephen Cowan
- William Hill
- Victoria Quinlan

Planning Committee

- William McKee (Chair)
- Gordon Adams – Head of Planning, Battersea Power Station Development Corporation
- Councillor Wesley Harcourt – Cabinet Member for Environment, Transport & Residential Services, Hammersmith & Fulham Council
- Colin Haylock – Architect-Planner
- Councillor Amer Hussain Agha – Lead Member for Schools, Employment and Skills, Brent Council
- Stuart Robinson – Chair of UK Planning, CBRE
- Councillor Hitesh Tailor – Cabinet Member for Health & Adult Services, Ealing Council
- Councillor Natalia Perez

The following Member left during the year;

- Sarah-Louise Marquis – Chair of Brent Council Planning Committee



*Doug Wilson CA
Chief Finance Officer
31 July 2018*



*Michael Mulhern
Interim Chief Executive Officer
31 July 2018*

Glossary of terms

Accruals basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Actuarial gains and losses

Actuaries assess financial and non-financial information provided by the Corporation to project levels of future pension fund requirements. Changes in actuarial deficits or surpluses can arise leading to a loss or gain because;

- events have not coincided with the actuarial assumptions made for the last valuation; and/or
- the actuarial assumptions have changed.

Balances

The balances of the Corporation represent the accumulated surplus of income over expenditure on any of the funds.

Carrying amount

The balance sheet value recorded of either an asset or a liability.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services.

Creditors

Amounts owed by the Corporation for work done, goods received or services rendered, for which payment has not been made at the date of the balance sheet.

Current service cost

Current service cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e. the ultimate pension benefits 'earned' by employees in the current year's employment.

Glossary of terms (continued)

Curtailment

Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Debtors

These are sums of money due to the Corporation that have not been received at the date of the Balance Sheet.

Defined benefit scheme

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

External audit

The independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Corporation has made proper arrangements to secure value for money in its use of resources.

Expenditure

This is amounts paid by the Corporation for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment since expenditure is deemed to have been incurred once the goods or services have been received even if they have not been paid for.

Fair value

Fair value is the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of the asset.

Financial regulations

These are the written code of procedures approved by the Corporation, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

General fund

This is the main revenue fund of the Corporation and includes the net cost of all services financed by Government and other trading income.

Glossary of terms (continued)

Income

These are amounts due to the Corporation for goods supplied or services rendered. This does not necessarily involve a cash payment. Income is deemed to have been earned once the goods or services have been supplied even if the payment has not been received (in which case the recipient is a debtor to the Corporation).

International Financial Reporting Standard

Defined Accounting Standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of the other entities.

Liabilities

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Materiality

Information is material if including, omitting or misstating it could influence decisions that users make on the basis of financial information about a specific reporting authority. In other words, materiality is an authority-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual authority's financial statements.

Non-cash

These are entries on the Comprehensive Income and Expenditure Statement or Cash Flow Statement correlating to expenses that are essentially just accounting entries rather than actual movements of cash.

Provisions

Amounts set aside to meet liabilities or losses which are anticipated to be incurred but where the amount and/or the timing of such costs is uncertain.

Related parties

Related parties are central government, other Local Authorities, subsidiary and associated companies, Members and all Executive Management Team members. For individuals identified as related parties, the following are also presumed to be related parties:

Glossary of terms (continued)

- members of the close family, or the same household, and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Reporting standards

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based on International Financial Reporting Standards, International Accounting Standards and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (UK GAAP) and Financial Reporting Standards (FRS).

Reserves

Amounts set aside for general contingencies, to provide working balances or earmarked to specific future expenditure.

Revenue expenditure

Expenditure incurred on the day-to-day running of the Corporation. This mainly includes employee costs, general running expenses and capital financing costs.

Treasury management

This is the process by which the Corporation controls its cash flow and its borrowing and lending activities.

Treasury Management Strategy (TMS)

A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Corporation.