



Audited Annual Report & Accounts

1 April 2018 to 31 March 2019

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Chairman's Foreword

This annual report is published at a significant juncture in the transformation of Old Oak, two years since my appointment as Chairman of Old Oak and Park Royal Development Corporation (OPDC) in Spring 2017 and just over four years since the establishment of the Mayoral Development Corporation (MDC).

Inevitably much of the last four years has been taken up with building the organisation, strategy development, investigatory work, planning and plan-making and getting to know the local community and their concerns and aspirations.

During this past year, we have endeavoured to move from thinking and preparing to actual delivery. In particular, the OPDC team will be progressing the Local Plan through Examination in Public in the new financial year, worked with HS2 to ensure the new station will be able to support nearby development, secured some funding for early public realm improvements, developed plans for delivering on the Great Place Scheme for promoting the cultural heritage of Park Royal, devised a series of plans for improvements to the facilities and public realm in Park Royal and hosted a range of events and engagements for the community, partners, stakeholders and Londoners. But of most significance, we have worked hard to secure a major funding contribution for delivery and, in March, the Chancellor announced, as part of his Spring Statement, that OPDC would be awarded £250m of Housing Infrastructure Fund (HIF) money to kick-start development in the OPDC area. The investment will be used to assemble land, and to design and build vital roads and utilities infrastructure, so work can begin in the area we have designated Old Oak North between Willesden Junction and the Grand Union Canal.

This first phase of major development will deliver some 3,000 homes and unlock the potential for a further 7,000 over the next decade. These homes, together with approximately 3,500 already consented across Old Oak and Park Royal, show that we are now moving firmly into delivery and making a start on realising the longer term ambition of creating a new district of London, close to the new transport 'Superhub' where the High Speed 2 (HS2) and Elizabeth Lines will meet, that is expected ultimately to provide 25,500 new homes and 65,000 new jobs. Public sector funding is fundamental in helping to meet these ambitious targets and we believe the £250m injection of HIF funding will unlock wider opportunities for public and private sector collaboration.

As Chairman of OPDC, I am supported by a twelve-strong board, responsible for ensuring proper governance, setting strategy and overseeing delivery. 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 continues to be on promoting our vision to this wide group of stakeholders and in particular working with the Mayor and his officials to ensure we have the support we need from central Government – all with the overarching objective of turning this massive, but hugely complex, regeneration opportunity into a thriving new district for London.

In my non-executive chairman role, 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. In particular, I would like to thank Eric Sorensen and Amanda Souter who stood down from the Board in the past year after three years of dedicated service and welcome our four new Board members – Natalie Campbell, Shevaughn Rieck, Michael Simms and Helen Ward. 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 Michael Mulhern who stepped down in February this year and who did an excellent job in leading the Corporation as interim CEO and welcome David Lunts 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, notwithstanding the many challenges we still face, Old Oak and Park Royal has a valuable and vital part to play in realising that vision.

Liz Peace
Chairman
27 August 2019

Chief Executive Officer's Statement

The Old Oak and Park Royal Development Corporation has made significant progress this year towards establishing the foundations to take forward what will become probably the best-connected opportunity area in the UK.

In March we were delighted to hear that government had approved our bid for £250m of Housing Infrastructure Fund (HIF) to kickstart our plans. This is a crucial milestone and provides a funding platform to drive forward the early construction of infrastructure and affordable homes for Londoners, along with new employment, leisure and community facilities.

We have also seen significant early progress. Since 2016, OPDC has granted planning permission for 3,476 new homes, with 36.5% affordable housing for those schemes that have had their plans finally agreed. Progress is now well underway on the initial major early housing site at Oaklands South where 605 new homes, 40% of which will be affordable, are on site and scheduled for completion in 2020.

We have also been assisted by a number of successful bids for grants including the Mayor's Good Growth Fund which has helped us to make a good start on early public realm improvement projects to upgrade the local environment.

We are in the final stages of establishing a sound local planning framework for the area and in March, following the submission of 11,000 pieces of feedback over three rounds of consultation, we made final preparations for the draft Local Plan to move towards its Examination in Public. We anticipate this becoming an adopted Plan early next year, following which it will shape development in Old Oak and Park Royal over the next twenty years. To help support local engagement with the Plan, we have launched a new Community Review Group to reflect local interests when deciding planning outcomes in the area with twelve members who either live or work nearby and span multiple generations.

In February, HS2 launched their station design and with construction firmly underway at Old Oak, we continue to work closely with the HS2 team to ensure the station design will make the most of the opportunities to integrate with local communities, as well as enabling new development.

We have also been busy in Park Royal and in October, we undertook a month-long door knocking exercise to engage businesses to hear from owners and workers about ways in which OPDC could help to make the most of this important industrial estate. Early improvements include upgrading road conditions, stronger fly-tipping enforcement and better local broadband provision.

Looking ahead, our focus now turns to finalising the delivery of our HIF investment and extending the dialogue with local landowners and businesses. We will be having detailed and extensive engagement with local stakeholders to make sure that our regeneration plans take full account of the needs of operating businesses and that any disruption or disturbance is minimised.

As OPDC now moves from the planning stage and firmly into delivery we look forward to continuing to work closely with all of our partners and stakeholders to see that the regeneration of Old Oak and Park Royal maximises the amazing potential of the area to bring about lasting and beneficial change for London and Londoners.

David Lunts
Interim Chief Executive Officer
27 August 2019

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 have been prepared in accordance with the 2018/19 Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (prepared under International Financial Reporting Standards which have been adopted as the basis for public sector accounting in the UK). All local authorities in England are required to provide a narrative report with the Statement of Accounts under the Audit and Accounts Regulations 2015.

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 recognised 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 Greater London Authority (GLA) granted funding to meet expenditure, which fell within agreed budgets. The Comprehensive Income and Expenditure Statement shows a deficit of £0.488m due to adjustments to the cost of services for amounts not reported in the management accounts. These accounting adjustments relate to pension service costs and accumulated absences.

Balance Sheet

The balance sheet shows a net liability of £1.25m in unusable reserves relating to pensions liabilities, the accumulated absences account and capital adjustment account.

Cash Flow Statement

The cash flow statement shows a decrease in cash balances by £1.140m to £0.18m.

Narrative Report (continued)

Movement in Reserves Statement

The Corporation has a nil closing balance on 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, the accumulated absences account and capital adjustment account that give rise to a negative balance on unusable reserves of £1.25m.

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 amount of strategic transport and utilities infrastructure necessary to make development viable within OPDC boundary.

Narrative Report (continued)

In March 2019, The Corporation welcomed the government's decision to award £250m of Housing Infrastructure Fund to kick-start development on the West London site. The investment will be used to assemble land, design and build vital roads and utilities infrastructure, allowing the development of homes and businesses to begin at Old Oak North.

Old Oak North is the first of six new neighbourhoods planned for the 650-hectare site. When complete, it is predicted that the entire redevelopment of Old Oak and Park Royal will deliver 25,500 new homes and 65,000 new jobs.

OPDC will use its powers as the local planning authority and delivery agent to ensure that the full £250m is spent by the deadline, March 2023.

The projected gross development value (GDV) brought forward by the Housing Infrastructure Fund is £11.3bn.

5. 2018/19 Financial Summary

Revenue

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.

Of the approved revenue Budget of £8.3m in 2018/19, there was net expenditure of £7.634m, resulting in an underspend of £0.666m

Table 1

OPDC Outturn 2018.19

Expenditure			
Directorate	Outturn	Budget	Variance
CEO	683,130	833,000	(149,870)
Commercial	1,187,380	1,320,000	(132,620)
Corporate Operations	1,891,331	1,897,000	(5,669)
Planning	1,468,831	1,677,000	(208,169)
Technical	2,403,460	2,573,000	(169,540)
Total	7,634,132	8,300,000	(665,868)

Narrative Report (continued)

With confirmation of a successful HIF bid award received in March 2019 (the budget allocation was predicated on confirmation being received in November 2018) only specific revenue-funded activities were progressed with minimal risk of abortive costs. This resulted in a number of activities for Old Oak North being deferred, with only critical path requirements being progressed in advance of HIF confirmation.

An element of the underspend also relates to The Local Plan Examination in Public, which was originally envisaged to occur in January/February 2019. Due to a high workload within the Planning Inspectorate (the examination timetable is defined by the Planning Inspectorate), there was a delay to the projected examination date for the Local Plan, with hearings taking place from April to July 2019.

Capital

Capital Accounting is the arrangements for recognising and measuring the value of non-current assets in the balance sheet and making charges to the comprehensive income and expenditure statement to reflect the cost of using them.

Capital expenditure totalled £0.017m, funded from the Mayor's Good Growth Fund towards public realm improvements at Scrubs Lane and Willesden Junction to benefit local communities.

6. 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
- Internal governance and performance management systems designed to manage and quality-assure delivery.

7. Achievements 2018/19

Some of the key achievements over the past year include:

- **Masterplan:** Working collaboratively with key stakeholders to develop the Old Oak North Masterplan and associated infrastructure strategies and successfully securing buy-in. Key stakeholders include Transport for London (TfL), Network Rail, Department for Transport (DfT), Crossrail, Statutory Undertakers, Greater London Authority (GLA), Environment Agency and the local boroughs.

Narrative Report (continued)

- **Atlas Road substation:** Working with HS2 and UK Power Networks (UKPN) to support pre-application discussions for the Atlas Road substation. The substation was granted S17 planning permission on 23 January 2019 and demolition and decontamination works have now commenced. The Atlas Road substation will allow OPDC to access at least 15MVA of Electrical Power required to support planned development in Old Oak North.
- **Land Assembly:** The Commercial team has engaged with key landowners in Old Oak North and advanced its land assembly preparation, including undertaking a Land Referencing exercise and issuing Requisition Notices to land owners and occupiers. This exercise provided OPDC with the information necessary to plan for the land assembly in Old Oak North with greater clarity.
- **Developer procurement:** Early planning including exploring the different procurement and investment routes that OPDC could pursue. This work included engaging with a cross-section of the investment and developer market to understand the appetite for investment in Old Oak North.
- **Local Plan:** OPDC undertook its third round of public consultation on its draft Local Plan during the summer of 2018 and submitted the draft Local Plan to the Planning Inspectorate in October 2018. The examination in public on the draft Local Plan commenced shortly after this and examination hearings were held in April 2019, with further sessions in June/July 2019.
- **Mayor's Good Growth Fund:** OPDC was successful in being awarded £1.2m from the second round of funding for the Mayor's Good Growth Fund. The Funding will go towards public realm enhancements to promote better use of the Grand Union Canal.
- **Harlesden Neighbourhood Forum (HNP):** OPDC supported the forum with the submission and examination of its Neighbourhood Plan. OPDC's Board agreed to the Neighbourhood Plan being put to public referendum for adoption. The Neighbourhood Plan referendum took place on 30 May 2019 and 89% voted in favour. The OPDC Board adopted the HNP on 25 July 2019.
- **Business Engagement:** Completion of an OPDC-led month-long business engagement door-knocking exercise in Park Royal. The deliverables included communications materials, intelligence and insights from outreach and engagement, and a live database of all businesses that completed a survey or extended engagement with the Corporation (total of c.1,500 businesses were mapped).
- **Engagement Strategy:** Implementation of an engagement strategy, which involved stakeholder interviews and staff workshops, to develop OPDC's Vision, Mission, Values and brand platform.

Narrative Report (continued)

Further information on the full range of activities carried out by the Corporation can be found on the Corporations website;

<https://www.london.gov.uk/about-us/organisations-we-work/old-oak-and-park-royal-development-corporation-opdc>

8. 2019/20

Upcoming priorities for the year ahead include:

- Progression of the Land Assembly Strategy for the regeneration of Old Oak North including more detailed engagement with land owners and occupiers
- Preparation of the Delivery Strategy for Old Oak North including procurement and investment structures, and engaging with the development market
- Ensuring the ongoing financial viability of the regeneration scheme and exploring further funding sources where these will provide value
- Engaging with colleagues across OPDC to develop and implement strategies for meanwhile uses and regeneration interventions in other parts of Old Oak and Park Royal.
- The completion of a comprehensive and proportionate Environmental Impact Assessment and Transport Assessment required to support a future planning application to the Local Planning Authority for the key pieces of strategic infrastructure in Old Oak North.
- The procurement and mobilisation of a well-resourced Infrastructure Projects Partner (IPP) required to oversee and coordinate the delivery of key pieces of strategic infrastructure delivery in Old Oak North.
- Determination of the development capacity and associated strategic infrastructure required to support and optimise development in North Acton and Channel Gate sites.
- The development of an Electrical Power Assessment in Park Royal, identifying the potential trigger points for network reinforcement and the technical solutions available to ensure that proceed without infrastructure constraints.
- The Corporation is currently working on developing its Vision, Mission and Values for an updated Corporate Plan
- Development of the OPDC website
- Implementation of the Communications and Engagement and (Community) Engagement Strategies

9. Corporate Risks

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

Narrative Report (continued)

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

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>

Jasbir Kaur Sandhu FCPFA
Interim Chief Finance Officer
27 August 2019

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 2019.

Jasbir Kaur Sandhu FCPFA
Interim Chief Finance Officer
27 August 2019

Liz Peace
Chairman
27 August 2019

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 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement, and
- The related notes 1 to 15.

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 2018/19.

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 2019 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 2018/19.

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 Interim Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Interim 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, other than the financial statements and our auditor's report thereon. The Interim 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 2019.

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 Corporation;
- 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 Interim Chief Finance Officer

As explained more fully in the Statement of the Interim Chief Finance Officer's Responsibilities set out on page 16, the Interim Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Interim 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 has 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 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 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 2019.

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, 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 Corporation and the Corporation's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Brittain (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

Reading

2 September 2019

The maintenance and integrity of the Old Oak and Park Royal Development Corporation web site is the responsibility of the Corporation; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Core Financial Statements

Comprehensive Income and Expenditure Statement

For the year ended 31 March 2019

		31 March 2019	31 March 2018
	Notes	£000	£000
Gross income	2	(8,158)	(7,801)
Gross expenditure	2	8,647	8,173
Net cost of services		489	372
Financing and investment expenditure	5	16	11
Taxation and Non-specific Grant Income		(17)	0
(Surplus) or deficit on provision of services		488	383
Corporation tax	7	(1)	(1)
(Surplus) or deficit on the provision of services after tax		488	382
Remeasurement of the net defined benefit liability/(asset)	10	22	(184)
Total comprehensive income and expenditure		510	198

Balance Sheet

As at 31 March 2019

	Note	31 March 2019	31 March 2018
		£000	£000
Long Term Assets			
Property, Plant and Equipment		17	0
Total Long Term Assets		17	0
Current assets			
Short term debtors	8	8,487	4,480
Cash and Cash Equivalents		180	1,320
Total Current Assets		8,667	5,800
Total Assets		8,684	5,800
Current Liabilities			
Short term creditors	9	(3,264)	(5,439)
Receipts in Advance		(22)	0
Total Current Liabilities		(3,286)	(5,439)
Long Term Liabilities			
Retirement benefit obligation	10	(1,214)	(705)
Receipts In Advance	15	(5,435)	(396)
Total Long Term Liabilities		(6,649)	(1,101)
Total Liabilities		(9,934)	(6,540)
Net liabilities		(1,250)	(741)
Total reserves	12	1,250	741

The unaudited accounts were issued on 31 May 2019 and the audited accounts were authorised for issue on 27 August 2019.

I am satisfied that the statement of accounts present a true and fair view of the financial position and income and expenditure of the Corporation for the 2018/19 Financial Year.

Jasbir Kaur Sandhu FCPFA
Interim Chief Finance Officer
27 August 2019

Movement in Reserves Statement

As at 31 March 2019

	Notes	General Fund £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance as at 1 April 2018		0	0	741	741
Movement in reserves during 2018/19					
Surplus or deficit on the provision of services		488	488	0	488
Other Comprehensive Income and Expenditure		0	0	22	22
Total Comprehensive Income and Expenditure		488	488	22	510
Adjustments from income and expenditure charged under the accounting basis to the funding basis	1	(488)	(488)	488	0
Decrease or (increase) in 2018/19		0	0	510	510
Balance as at 31 March 2019		0	0	1,250	1,250
	Notes	General Fund £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
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				(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

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)	(18)	18
Pension cost (transferred to (or from) the Pensions Reserve)	(487)	487
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	17	(17)
Total Adjustments	(488)	488

Statement of Cash Flows

For the year ended 31 March 2019

		31 March 2019	31 March 2018
	Notes	£000	£000
Net surplus or (deficit) on the provision of services		(488)	(382)
Adjustment to surplus or deficit on the provision of services for noncash movements	11	(5,657)	1,235
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		(17)	0
Net Cash flows from operating activities		(6,162)	853
Net Cash flows from Investing Activities		5,022	396
Net Cash flows from Financing Activities		0	0
Net increase or (decrease) in cash and cash equivalents		(1,140)	1,249
Cash and cash equivalents at the beginning of the reporting period		1,320	71
Cash and cash equivalents at the end of the reporting period		180	1,320

Accounting Policies

a) Code of practice

The Statement of Accounts summarises Old Oak and Park Royal Development Corporation ("OPDC") transactions for the 2018/19 financial year and its position at 31 March 2019. The Corporation is required to prepare an annual Statement of Accounts by the Audit and Accounts (England) Regulations 2015, which require the accounts 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 2018/19 ("the Code") and the International Financial Reporting Standards ("IFRS") adopted by the European Union ("Adopted IFRS").

b) Basis of accounting

The Accounts are made up to 31 March 2019.

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, with ongoing funding confirmed by the GLA.

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 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). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2020. There is no impact for the Corporation as it has no Operating Leases

- **IFRS 15 Revenue from Contracts with Customers** has replaced IAS 18 Revenue and IAS 11 Construction Contracts. The core principle of IFRS 15 is that revenue reflects the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled. The recognition of such revenue is in accordance with five steps to: identify the contract; identify the performance obligations; determine the transaction price; allocate the transaction price to the performance obligations; and recognise revenue when the performance obligations are satisfied. The Corporation assessed in detail the impact of IFRS 15 on the financial statements. The impact assessment covered the Corporation's income streams falling within the scope of IFRS 15, such as planning income. The Corporation concluded that IFRS 15 has an immaterial impact on the existing accounting policies for revenue recognition. As most of the Corporation's transactions relate to activities with single performance obligations, the point at which control is transferred under IFRS 15 is the same as the point at which risks and rewards transferred under IAS 18. Accordingly, no adjustment to the opening balance sheet at 1 April 2018 has been recognised.

- **IAS 40 Investment Property:** Transfers of Investment Property provides further explanation of the instances in which a property can be reclassified as investment property. This will have no impact on the Corporation as the Corporation owns no Investment Property.

- **IFRIC 22 Foreign Currency Transactions and Advance Consideration** clarifies the treatment of payments in a foreign currency made in advance of obtaining or delivering services or goods. The Corporation does not have any material transactions within the scope of the amendment.

- **IFRIC 23 Uncertainty over Income Tax Treatments** provides additional guidance on income tax treatment where there is uncertainty. This will have no impact on the Corporation.

Accounting Policies (continued)

• **IFRS 9 Financial instruments:** prepayment features with negative compensation amends IFRS9 to make clear that amortised cost should be used where prepayments are substantially lower than the unpaid principal and interest. The Corporation has no loans to whom this will apply.

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:

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 and 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, with ongoing funding confirmed by the GLA.

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. Sensitivity analysis is detailed in Note 10.

Accounting Policies (continued)

i) Revenue recognition

The core principle of IFRS 15 are applied and revenue reflects the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled. The recognition of such revenue is in accordance with five steps to: identify the contract; identify the performance obligations; determine the transaction

price; allocate the transaction price to the performance obligations; and recognise revenue when the performance obligations are satisfied.

j) Grants

Whether paid on account, by instalments or in arrears, grants are recognised as due to the Corporation when there is reasonable assurance that:

- the Corporation will comply with the conditions attached to the payments; and
- the grants will be received.

Amounts recognised as due to the Corporation are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grants have been satisfied. Conditions are stipulations that specify how the grant should be used by the Corporation and which if not met require the grant to be returned to the transferor.

Monies advanced as grants for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant is credited to the relevant service line or non-ringfenced revenue grants and all capital grants credited to the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to expenditure.

Funding by the GLA is provided to OPDC to match revenue (running) costs and spend profile; therefore the OPDC does not hold significant grant surpluses.

k) Corporation and chargeable gains taxation

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

Accounting Policies (continued)

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) Property, plant and equipment

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Corporation and the cost of the item can be reliably measured. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for their intended use. Where there is a legal obligation to remove the asset and/or restore the site on which it is located at the end of its useful economic life, the costs of dismantling and removing the items and restoring the site on which they are located are also included in the cost of the asset. Assets are then carried in the Balance Sheet using the following measurement bases:

- Assets under construction – depreciated historical cost
- Non-property assets – depreciated historical cost basis as a proxy for current value.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Accounting Policies (continued)

Disposals

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognised net within other gains and losses in the Comprehensive Income and Expenditure Statement.

n) 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 funding arrangements, OPDC does has nil balance on the General Fund due to the Corporation being fully funded. Unusable reserves cannot be applied to fund expenditure as they are not cash backed. They include the pension reserve and the accumulated absences reserve.

o) Trade and other receivables

The Corporation received planning application income in 2018/19 and there are no year-end trade receivables relating to this as funds are 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.

p) Trade and other creditors

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

q) 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 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.

Notes to the Statement of Accounts

1. Expenditure and Funding Analysis

31 March 2019	Net Expenditure Chargeable to the General Fund Balances	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund Balances
	£000	£000	£000
Corporation	489	0	489
Net cost of services	489	0	489
Other Income and expenditure	(489)	488	(1)
Surplus or deficit	(0)	488	488
Opening General Fund Balance at 31 March 2018	(0)		
Less Deficit on General Fund Balance in Year	(0)		
Closing General Fund Balance at 31 March 2019	(0)		

31 March 2018	Net Expenditure Chargeable to the General Fund Balances	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund Balances
	£000	£000	£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)		

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

31 March 2019	IAS 19 Pension Adjustment	Accumulated Absences Adjustment	Capital Adjustment Account	Total Adjustments
	£000	£000	£000	£000
Corporation	0	0	0	0
Net cost of services	0	0	0	0
Other Income and expenditure from the funding analysis	487	18	(17)	488
Difference between General Fund (surplus) or deficit and CIES (surplus) or deficit	487	18	(17)	488

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

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 2019	31 March 2018
	£000	£000
GLA Income	(7,634)	(7,143)
Planning Application fees	(266)	(489)
Mayoral CIL Administration	(54)	(159)
Other	(204)	(10)
Total Income	(8,158)	(7,801)

2. Gross Income and Expenditure Summary (continued)

Expenditure	31 March 2019	31 March 2018
	£000	
Employee benefits expenses	3,048	2,631
Other service expenses	935	664
Consultancy and Professional Fees	4,172	4,377
Support service recharges	492	501
Total Expenditure	8,647	8,173

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 2019	31 March 2018
	£000	£000
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor	12	20
Fees payable in respect of other services provided by the appointed auditor over and above external audit services	0	0

4. Remuneration

The remuneration paid to the Authority's senior employees is as follows;

2018/19

OPDC Staff	Name of Post Holder	Date of service	Salary (including fees and allowances)	Compensation for loss of office	Employer Pension Contributions	Total Remuneration including pension contributions
			£	£	£	£
Chief Executive Officer ¹	Victoria Hills	Up to 15/04/2018	4,409	0	529	4,938
Interim Chief Executive Officer	Michael Mulhern	From 16/04/2018 to 10/03/2019	105,317	0	12,638	117,955
Chief Operating Officer	Douglas Wilson		116,932	0	14,032	130,964
Interim Chief Finance Officer	Jasbir Sandhu	From 11/03/2019	5,363	0	644	6,007
Head of Communications and Engagement	Patora Dyrma		73,082	0	8,770	81,852
Director of Planning	Michael Mulhern	From 01/04/2018 to 15/04/2018	3,369	0	404	3,773
Interim Director of Planning	Thomas Cardis	From 19/11/2018	28,977	0	3,477	32,455
Assistant Director of Planning	Thomas Cardis	From 16/04/2018 to 18/11/2018	51,878	0	6,225	58,104
Assistant Director of Planning	Claire O'Brien	From 16/04/2018	75,416	0	9,354	84,769
Human Resources and Organisational Development Manager	Karen Passely		73,551	0	0	73,551
Commercial Director	Benjamin O'Neill		79,458	0	9,535	88,993

¹ - The current Interim Chief Executive Officer role is occupied by David Lunts who is on secondment from the Greater London Authority for 2 days a week from 11/03/2019.

4. Remuneration (continued)

2017/18

	Name of Post Holder	Salary (including fees and allowances)	Compensation for loss of office	Employer Pension Contributions	Total Remuneration including pension contributions
OPDC Staff		£	£	£	£
		112,383.90	0	13,486.07	125,869.97
Chief Executive Officer	Victoria Hills				
Director of Planning	Michael Mulhern	84,267.15	0	10,112.06	94,379.21
Head of Communications and Engagement ⁱⁱⁱ	Patora Dyrma	52,852.29	0	6,342.28	59,194.57
Chief Operating Officer ⁱ	Douglas Wilson	37,488.61	0	4,498.64	41,987.25
Commercial Director ⁱⁱ	Benjamin O'Neill	9,881.40	0	1,185.77	11,067.17

ⁱ - This appointment is effective from 03/07/2017 therefore does not reflect a full year's salary

ⁱⁱ - This appointment is effective from 04/12/2017 therefore does not reflect a full year's salary

ⁱⁱⁱ - This appointment is effective from 19/02/2018 therefore does not reflect a full year's salary

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 (£)	2018/19 Number of Employees	2017/18 Number of Employees
50,000 - 54,999	3	4
55,000 - 59,999	3	2
60,000 - 64,999	1	0
65,000 - 69,999	2	2
70,000 - 74,999	0	0
75,000 - 79,999	1	0
Total	10	8

Termination Benefits

The code requires the separate disclosure of the number and cost of compulsory and voluntary severance termination packages agreed during the year. There were no compulsory or voluntary severance termination packages agreed during the year.

OPDC is committed to supporting and harnessing a diverse and modern workforce and employs approximately 39 staff in full-time and part-time positions, including apprentices and secondees from across the GLA Group.

4. Remuneration (continued)

Members' remuneration

2018/19

Name	Title	Notes	Salary (inc fees and allowances)	Expenses	Employer's NI	Total remuneration
Liz Peace CBE	Chairman and Chair Investment Committee		29	0	3	32
Julian Bell	Board Member and Audit Committee member		14	0	1	15
Muhammed Asghar Butt	Board Member and Appointments & Remuneration Committee Member		14	0	1	15
Stephen Cowan	Board Member and Investment Committee Member		14	0	1	15
Natalie Campbell	Board Member and Chair Appointments and Remuneration Committee	Board member from 22/11/2018 Chair from 28/11/2018	6	0	0	7
Rahul Gokhale	Board Member and Audit Committee Member	Board member to 30/09/2018 Reappointed as Board member from 22/11/2018 Committee member from 28/11/2018	13	0	1	14
William Anthony Hill	Board Member and Investment Committee Member		16	0	1	17
William McKee CBE	Board, Chair Planning Committee and Audit Committee member	Board, Chair and Committee member until 30/09/2018 Reappointed as Board member from 22/11/2018	16	1	1	18
Shevaughn Sharon Rieck	Board Member and Audit Committee member	Board member from 22/11/2018 Committee member from 28/11/2018	6	0	0	6
Michael Simms	Board and Appointments & Remuneration Committee Member	Board member from 22/11/2018 Committee member from 28/11/2018	6	0	0	6
Helen Ward	Board and Appointments & Remuneration Committee Member	Board member from 22/11/2018 Committee member from 28/11/2018 Committee member to 30/09/2018	6	0	0	6
Gordon Adams	Planning Committee Member	Committee member from 26/11/2018	2	0	0	2
Karen Cooksley	Planning Committee Member	From 28/11/2018	1	0	0	1
Sandra Rose Fryer	Planning Committee Member	From 28/11/2018	1	0	0	1
Wesley Harcourt	Planning Committee Member		2	0	0	3
Natalia Perez	Planning Committee Member		2	0	0	3
Ketankumar Sheth	Planning Committee Member	From 28/11/2018	1	0	0	1
Peter Elijah Jonathan Mason	Planning Committee Member	From 05/06/2018	2	0	0	2
Amer Hussain Agha	Planning Committee Member	Up to 03/05/2018	0	0	0	1
Hitesh Tailor	Planning Committee Member	Up to 03/05/2018	0	0	0	1
Colin Haylock	Planning Committee Member	Up to 30/09/2018	1	0	0	2
Stuart Robinson	Planning Committee Member	Up to 30/09/2018	1	0	1	2
Eric Sorensen	Board, Audit Committee and Chair Appointments & Remuneration Committee	Up to 30/09/2018	10	0	1	12
Amanda Souter	Board Member	Up to 30/09/2018	7	0	0	8
Jules Pipe CBE	Board Member	Unremunerated	0	0	0	0
Victoria Quinlan	Board, Investment Committee Member and Audit Committee Member	Unremunerated	0	0	0	0

4. Remuneration (continued)

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	0	0	2
Amer Hussain Agha ⁱ	Planning Committee Member	1	0	0	2
Julian Bell	Board Member	14	0	1	15
Muhammed Asghar Butt	Board and Appointments & Remuneration Committee Member	14	0	1	15
Stephen Cowan	Board Member	14	0	1	15
Rahul Gokhale	Board Member	14	0	1	15
Wesley Harcourt	Planning Committee Member	2	0	0	3
Colin Haylock	Planning Committee Member	2	1	0	3
William Anthony Hill ⁱⁱ	Board Member and Investment Committee Member	5	0	0	6
William McKee CBE	Board and Planning Committee Member	20	1	2	22
Sarah-Louise Marquis ⁱⁱⁱ	Planning Committee Member	0	0	0	0
Jordan Nash ^{iv}	Board and Appointments & Remuneration Committee Member	0	0	0	0
Liz Peace CBE	Chairman and Investment Committee Member	24	0	2	27
Natalia Perez	Planning Committee Member	2	0	0	3
Victoria Quinlan ^v	Board and Audit Committee Member		0	0	
Stuart Robinson	Planning Committee Member Board, Audit Committee and Appointments & Remuneration Committee Member	2	0	0	3
Eric Sorensen	Committee Member	16	0	1	17
Amanda Souter	Board Member	14	0	1	15
Hitesh Tailor	Planning Committee Member	2	0	0	3

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 2019 £000	31 March 2018 £000
Net interest on the net defined benefit liability	16	13
Other bank and finance charges/credits	0	(2)
Total	16	11

6. Taxation and non-specific grant Income

	31 March 2019	31 March 2018
	£000	£000
Capital grants and contributions	(17)	0
Total	(17)	0

7. Corporation tax

a) Corporation tax

The corporation tax expense in the Income and Expense account comprises a prior year adjustment of £2,526 in relation to the year ended 31 March 2018 less a credit of £3,168 due to the carry back of losses incurred in the year to 31 March 2019.

	31 March 2019	31 March 2018
	£ 000	£ 000
Net deficit on provision of services	487	382
Corporation Tax at 19%	(93)	(73)
Effect of:		
Disallowable items	(3)	0
Pension scheme adjustments	92	74
Prior year adjustments	3	(2)
Corporation Tax	(1)	(1)

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.

	31 March 2019	31 March 2018
	£ 000	£ 000
Assets due to:		
Pension scheme liabilities	206	119
Timing differences on fixed assets	4	4

These potential deferred tax assets have been calculated using the tax rate at which the asset is expected to reverse, 17% for the year to 31 March 2019 (17% for the year to 31 March 2018).

8. Debtors

	31 March 2019	31 March 2018
	£000	£000
Debtor (GLA)	8,123	3,878
Local Government	36	0
Prepaid Expenses	14	0
Other functional bodies	0	0
Taxation Debtor (HMRC)	270	588
Other entities and individuals	44	13
Total	8,487	4,479

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

9. Liabilities

	31 March 2019	31 March 2018
	£000	£000
Current liabilities		
Corporation Tax creditor (HMRC)	0	(1)
Local Authorities & Functional Bodies	(1,751)	(3,235)
Other entities and individuals	(1,535)	(2,203)
Total	(3,286)	(5,439)

10. Pensions

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

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 12%. Members pay contributions at rates correlating to pensionable salary bands. A surplus or deficit on the fund would lead to an adjustment to the contribution rates, which are reviewed every three years.

10. Pensions (continued)

Principal assumptions used by the actuary

Principal assumptions used by the actuary

	31 March 2019	31 March 2018
Life expectancy from age 65 Years	Years	Years
Retiring today		
Males	21.5	22.5
Females	23.6	24.7
Retiring in 20 years		
Males	23.3	24.8
Females	25.3	26.9

Financial assumptions	31 March 2019	31 March 2018
	% per annum	% per annum
Salary increases	3.9	3.8
Pension increases	2.4	2.3
Discount rate	2.5	2.6

CPI is assumed to be 1.0% p.a. below RPI i.e. 2.35% p.a. (2018: 1.0% p.a. below RPI i.e. 2.25% p.a.)

The assumptions used to measure events in the accounting period from 1 April 2018 to 31 March 2019 are set with reference to market conditions at 31 March 2019.

The estimate of the employer's past service liability duration is 41 years.

Amounts charged to the Comprehensive Income and Expenditure Statement

	31 March 2019	31 March 2018
	£000	£000
Service cost	672	498
Administration expenses	1	1
Total included in net cost of services	673	499
Net Interest on the defined liability	16	13
Total included in deficit on provision of services before tax	16	13
Remeasurement of the net defined benefit (asset) / liability	22	(184)
Total	711	328

Reconciliation of present value of the defined benefit obligation

	31 March 2019	31 March 2018
	£000	£000
Opening defined benefit obligation	(1,658)	(956)
Current service cost	(611)	(498)
Interest cost	(45)	(32)
Change in financial assumptions	(238)	171
Change in demographic assumptions	144	0
Experience gain/(loss) on defined benefit obligation	0	0
Liabilities extinguished/(assumed) on settlements	0	0
Estimated benefits paid net of transfers in	0	(234)
Past service costs, including curtailments	(61)	0
Contribution by Scheme participants	(152)	(109)
Closing defined benefit obligation	(2,621)	(1,658)

10. Pensions (continued)

Reconciliation of fair value of Fund assets

	31 March 2019	31 March 2018
	£000	£000
Opening fair value of Fund Assets	953	430
Interest on assets	29	19
Return on assets less interest	72	13
Other actuarial gains/(losses)	0	0
Administration expenses	(1)	(1)
Contributions by employer including unfunded	202	149
Contribution by Scheme participants	152	109
Estimated benefits paid plus unfunded net of transfers in	0	234
Settlement prices received	0	0
Closing Fair Value of Fund assets	1,407	953

The total return on the fund assets for the year to 31 March 2019 is £101,000.

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 2019	31 March 2018
Present value of the defined benefit obligation	(2,621)	(1,658)
Fair Value of Fund assets	1,407	953
Net liability arising from defined benefit obligation	(1,214)	(705)

Local Government Pension Scheme assets comprised:

	31 March 2019		31 March 2018	
Employer asset share - bid value	£000	%	£000	%
Equities	777	55	566	59
Target Return Portfolio	359	25	217	23
Infrastructure	80	6	48	5
Property	126	9	71	7
Cash	65	5	51	5
Total	1,407	100	953	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	2519	2621	2728
Projected service cost	637	663	690
Adjustment to long term salary increase	0.1%	0.0%	-0.1%
Present value of total obligation	2626	2621	2616
Projected service cost	663	663	663
Adjustment to pension increases and deferred revaluation	0.1%	0.0%	-0.1%
Present value of total obligation	2722	2621	2524
Projected service cost	690	663	637
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	2711	2621	2534
Projected service cost	686	663	641

11. Cash flow note

Adjustments to net deficit for non-cash movements

	31 March 2019	31 March 2018
	£000	£000
Increase/(decrease) in creditors	(2,153)	3,898
(Increase)/decrease in debtors	(3,991)	(3,026)
Movement in pension liability	487	363
Adjustment to net deficit for non-cash movement	(5,657)	1,235

The cash flows from operating activities include nil interest received for the year ending 31 March 2019, as was the case in 2018.

12. Reserves

Usable reserves

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

Unusable reserves

	31 March 2019	31 March 2018
	£000	£000
Pension Reserve	1,214	705
Accumulated Absences Account	53	36
Capital Adjustment Account	(17)	0
Total	1,250	741

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in

12. Reserves (continued)

accordance with statutory provisions. The Corporation accounts for post-employment benefits, in the Comprehensive Income and Expenditure Statement, as the benefits 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.

	31 March 2019	31 March 2018
	£000	£000
Balance 1 April	705	526
Remeasurement of the net defined benefit liability/(asset)	22	(184)
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	689	512
Employer's pensions contributions and direct payments to pensioners payable in the year	(202)	(149)
Balance 31 March	1,214	705

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 below.

	31 March 2019	31 March 2018
	£000	£000
Balance 1 April	36	17
Settlement or cancellation of accrual made at the end of the preceding year	(19)	0
Amounts accrued at the end of the current year	37	19
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	18	19
Total	53	36

12. Reserves (continued)

The Capital Adjustment Account absorbs the timing differences arising from the different arrangement for the consumption of non-current assets and for financing the acquisition, construction or enhancement elements of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement. The account is credited with the amounts set aside by the Corporation for the costs of acquisition, construction and enhancement.

	31 March 2019	31 March 2018
	£000	£000
Balance 1 April	0	0
Capital Grants and Contributions applied to capital financing	(17)	0
Balance 31 March	(17)	0

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.

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 2019 were as follows:

	31 March 2019	31 March 2018
	£000	£000
Income		
Greater London Authority	(7,678)	(7,149)
Expenditure		
Local Government	0	141
Greater London Authority	275	668
Functional Bodies of the GLA	472	4,360

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

13. Related party transactions (continued)

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 2018/19 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 2018/19 under the related party transactions declaration.

14. Capital Expenditure and Capital Financing

	31 March 2019	31 March 2018
	£000	£000
Opening Capital Financing Requirement	0	0
Capital Investment		
Property Plant and Equipment (Assets Under Construction)	17	0
Total Capital Spending	17	0
Sources of Finance		
Government Grants and contributions	(17)	0
Total Sources of Finance	(17)	0
Closing Capital Financing Requirement	0	0

15. Grants

Grants Receipts in Advance - Long Term Liabilities

	31 March 2019	31 March 2018
	£000	£000
S106 Grant	(5,435)	(396)
Total	(5,435)	(396)

Grants Credited to Services

	31 March 2019	31 March 2018
	£000	£000
Functional Bodies Contributions	(7,634)	(7,143)
Other Government Grants	(18)	(5)
Total	(7,652)	(7,149)

Grant Income credited to Taxation and Non-specific Grant Income and Expenditure

	£000	£000
	£000	£000
Capital Grant	(17)	0
Total	(17)	0

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 a 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.

Annual Governance Statement (continued)

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 2019 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 2019 the Development Corporation's committee structure was as follows:

- **Audit and Risk 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

Annual Governance Statement (continued)

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 2018-2019				
Members	Meetings of the Board attended	Meetings of the Audit Committee attended	Meetings of the Planning Committee attended	Meetings of the Appointments & Remuneration attended
Total number of meetings in the period	5	2	6	2
Liz Pearce CBE (Chair)	5	-	-	-
William Hill	5	-	-	-
Natalie Campbell	3	-	-	2
William McKee CBE	5	-	6	-
Jules Pipe	3	-	-	-
Shevaughn Rieck	3	2	-	-
Michael Simms	3	-	-	2
Professor Helen Ward	3	-	-	2
Victoria Quinlan	4	2	-	-
Eric Sorensen	2	1	-	-
Rahul Gokhale	2	1	-	-
Amanda Souter	2	-	-	-
Cllr Julian Bell	4	2	-	-
Cllr Muhammed Butt	4	-	-	2
Cllr Stephen Cowan	4	-	-	-
Cllr. Shama Tatler	1	-	-	-
Colin Haylock	-	-	3	-
Stuart Robinson	-	-	2	-
Cllr. James Denselow	-	-	-	-
Gordan Adams	-	-	6	-
Karen Cooksley	-	-	2	-
Sandra Fryer	-	-	3	-
Cllr. Wesley Harcourt	-	-	5	-
Cllr. Natalia Perez	-	-	5	-
Cllr. Peter Mason	-	-	4	-
Cllr. Adam Connell	-	-	1	-
Cllr. Ketan Sheth	-	-	2	-

Vision and performance

The Development Corporation's vision, purpose and strategic objectives are set out in its 2016-2019 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.

Annual Governance Statement (continued)

- 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 2018/19.

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.

Annual Governance Statement (continued)

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 interim Chief Finance Officer of the Development Corporation (designated in accordance with Section 127 of the Greater London Authority Act 1999) is Jasbir Kaur Sandhu, a member of the Chartered Institute of Public Finance and Accountancy (CIPFA).
- Prior to this, Doug Wilson, a member of the Institute of Chartered Accountants of Scotland (ICAS) was the designated Chief Finance Officer (1 April 2018 to 10 March 2019).
- The Chief Finance Officer sits on the Senior Management Team and is able to attend all Board and committee meetings. She prepares the budget, 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, governance, corporate programme management, performance measurement and for supporting the Audit and Risk 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.

Annual Governance Statement (continued)

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.

Under the general duty set out in the Equality Act 2010 the Corporation must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation; to advance equality of opportunity; and to foster good community relations. Creating an inclusive culture is a key priority for the Corporation and the Assistant Director - People is responsible for leading on diversity and inclusion across the organisation.

Audit and Risk Committee and Internal audit

The Audit and Risk 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 the 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 and Risk 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 and Risk 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 financial governance.

The Audit and Risk 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 and Risk Committee. MOPAC assist in the promotion of good governance through implementation of the Internal Audit Plan, as approved by the Audit and Risk 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 and Risk Committee. The Development Corporation's progress against agreed internal audit recommendations is monitored regularly and reported to the Audit and Risk Committee. The internal auditors provide an annual report summarising their findings for the year, attend the OPDC's Audit and Risk Committee and have regular meetings with the External Auditors.

Annual Governance Statement (continued)

The following reviews from the audit plan were finalised, receiving adequate audit assurance, with the Affordable Housing and Partnerships & Stakeholder Engagement audits due for finalisation shortly:

- Planning Powers
- Material Systems – Creditors and Debtors
- Contract Management
- Risk Management Framework – Follow Up Review
- Programme and Project Management Framework – Follow Up Review
- Payroll – Follow Up Review

The Committee also approved the proposed work programme included within the 2019/20 Internal Audit Strategy.

The terms of reference of the Audit and Risk 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.

Annual Governance Statement (continued)

Information Governance

The Corporation has strong arrangements to promote information governance across its services. The Corporation has designated the GLA Information Governance Manager as its Data Protection Officer, as part of a shared service arrangement, to support with ensuring compliance with the GDPR and the Data Protection Act 2018.

There were no reported incidents relating to information governance including data loss or confidentiality breach in 2018/19.

Meeting development needs of members and senior staff

OPDC is committed to supporting and harnessing a diverse and modern workforce and employs approximately 39 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 implementation of an engagement strategy.

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

Governance review

The Corporation regularly reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Senior Management Team within the Corporation who have responsibility for the development and maintenance of the governance environment, the Annual Internal Audit Opinion, and also by comments made by the external auditors.

Annual Governance Statement (continued)

Having made enquiries with relevant senior officers, members of the Senior Management Team are required to complete an assurance statement to confirm that proper governance and internal control arrangements are in place for their areas of responsibility. These statements should also identify any significant areas of concern or weakness within each directorate.

The Annual Internal Audit Opinion is a contributory factor in reviewing the effectiveness of the Annual Governance Statement. Based on the programme of planned Internal

Audit work and other reactive audit reviews performed during the year, other than in respect of a small number of significant control issues that have arisen during the year, the Head of Internal Audit's overall opinion for 2018/19 is that OPDC's internal control environment is adequate and controls are in place to mitigate key risks to support the achievement of its overall strategic objectives.

The Action Plan overleaf sets out areas of further improvements to the internal controls in 2018/19 that will be monitored by the Audit and Risk Committee during the year. Overall, based on the above, we are able to report that there were no significant weaknesses in the Corporation's governance and control framework that affected achievement of our strategic objectives in 2018/19.

Annual Governance Statement 2018/19 Action Plan (for 2019/20)

No.1	Area to develop	Actions	Timescales	Lead Officer
1	Contract Management & Monitoring	Develop contract management framework and monitor compliance	March 2020	Head of Finance and Operations
2	Governance Framework	Continue to improve systems and processes across the Corporation around ensuring compliance with the Governance Framework, including the provision of training and guidance	March 2020	Head of Finance and Operations
3	Risk Management	Whilst processes are in place to record and manage key risks, there is a need to review wider corporate risks and to better align these with the corporate objectives. A proposal is being developed to establish more robust risk management processes.	March 2020	Head of Finance and Operations

Annual Governance Statement (continued)

The Board and Committees

Board

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

- Councillor Julian Bell
- Councillor Muhammed Butt
- Natalie Campbell
- Councillor Stephen Cowan
- Rahul Gokhale
- William Hill
- William McKee CBE
- Liz Peace CBE (Chairman)
- Jules Pipe CBE
- Victoria Quinlan
- Shevaughn Rieck
- Michael Simms
- Helen Ward

The following Members left during the year at the end of their term of appointment;

- Eric Sorensen
- Amanda Souter

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

- Natalie Campbell (Chair)
- Councillor Muhammed Butt
- Michael Simms
- Professor Helen Ward

Annual Governance Statement (continued)

Audit and Risk Committee

- Victoria Quinlan (Chair)
- Councillor Julian Bell
- Rahul Gokhale
- Shevaughn Rieck

Investment Committee

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

Planning Committee

- William McKee CBE (Chair)
- Gordon Adams
- Karen Cooksley
- Sandra Fryer
- Cllr Wesley Harcourt
- Cllr Peter Mason
- Cllr Natalia Perez
- Cllr Ketan Sheth

Liz Peace
Chairman
27 August 2019

David Lunts
Interim Chief Executive Officer
27 August 2019

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).

Internal Audit

The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively.

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.

Glossary of terms (continued)

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:

- 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.