



Audited Annual Report & Accounts

1 April 2019 to 31 March 2020

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Chairman's Foreword

This annual report is published at a key point in the transformation of Old Oak, three years since my appointment as Chairman of OPDC in Spring 2017 and just over five years since the establishment of the Mayoral Development Corporation (MDC).

There is no doubt in my mind that the concept of an MDC at Old Oak and Park Royal is as valid today as when it was first thought of – as a means of creating a fantastic new district of London around what would be one of the most significant transport hubs in the country. Achieving good places through connectivity is nothing new. Connecting people to and through a place is the cornerstone of good urban planning and an attribute every new development should aim for. So, in many ways we had the perfect situation – great potential connectivity, a lot of under-utilised brownfield land, and a location in west London that would have huge appeal as a new urban district, to balance all the growth in the east.

But major regeneration is never straightforward, as all those who have been involved in places like Docklands or King's Cross or the Thames Gateway would attest. The plan we developed over the last three years would have involved starting our major regeneration in an area we called Old Oak North, between Willesden Junction and the Grand Union Canal. This would, however, have required substantial investment in infrastructure and the relocation of a highly successful major business. Although we had been allocated funding from the Government's Housing Infrastructure Fund it would simply not have been enough. In addition, the economics around the relocation of that business became impossible to overcome. This was recognised by the Inspector who conducted the Examination in Public of our draft Local Plan and who concluded that he could not support the allocation of the business owner's land for residential use.

We have accepted this as signalling the need for a change of direction, but we believe the OPDC concept is as valid as ever. The Government will be making a huge investment in HS2 at Old Oak Common - which we were delighted to see confirmed early in 2020 following the Oakervee Review – and it would be a massive missed opportunity if we failed to take advantage of this to deliver the homes and economic growth to support London's future. Consequently, we are now looking at how we can shift the focus of our first phase of major development to an area to the north and west of the HS2 station, which we have called the Western Lands, where there is a substantial amount of land in public ownership. Our thinking is still at an early stage and we recognise that there will need to be extensive consultation with all our stakeholders, including HS2, Network Rail and, of course, the local community. There will still also be a need for significant infrastructure investment, be it from the public or private sector, or a mixture of both, and we recognise the challenge of achieving this in the post Covid-19 era.

Although the past year has been dominated by the shift from Old Oak North to the Western Lands approach, we have nevertheless continued to pursue vigorously many

other aspects of our agenda aimed either at setting the framework for our future regeneration plans or providing early support and improvement for the local area.

On the planning front, notwithstanding the Inspector's findings with regard to Old Oak North, we achieved his support for the rest of our draft Local Plan which means we are now well placed to modify, re-consult and then re-submit in early 2021. In Park Royal we are continuing to strive for incremental local improvements, for example in the provision of a fibre network. In terms of public realm more generally, we secured funding for early improvements to Scrubs Lane, Harlesden Canalside and Willesden Junction. We implemented plans and activities on the Great Place Scheme to promote the cultural heritage of Old Oak and Park Royal, delivering improvements to facilities and the public realm and hosting a range of events and engagements for the community, partners, stakeholders and Londoners. And we have also continued to work with a number of different developers to promote housing schemes across the area. Indeed, in this context it is worth noting that we have already consented over 5,000 new homes for the OPDC area, with some 1,500 already under construction.

The team's main priority currently, as we produce this Annual Report, is to support the front-line Covid-19 response activities that are helping vulnerable residents and local businesses in the OPDC area, working with the local London Boroughs and GLA. But this current very necessary distraction should not disguise the hard work that has taken place throughout the year to achieve a deliverable strategy for the regeneration of the OPDC area that will strengthen the UK's economy and aid recovery from Covid-19, ultimately contributing some £7.6bn GVA every year.

As Chairman of OPDC, I am proud of the work delivered and progress made to date by the team. But 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, including the three Local Authority Leaders, for their help, support and wise counsel and to OPDC's interim CEO, David Lunts, for his strong and decisive leadership which he has deployed to such good effect in leading his team to explore and identify creative solutions for OPDC.

I believe OPDC is perfectly placed to work with local and national government, as well as partners HS2 and Network Rail to harness the unique attributes of the Old Oak Common Station and other infrastructure. I have confidence that not only will homes and jobs be delivered, but a place that stands the test of time will eventually be created, enabling social and economic opportunity and forming a new part of Britain's future.



Liz Peace CBE

Chairman

30 November 2020

Chief Executive Officer's Statement

Like everyone else, we faced the end of March with the shock of Covid-19 and the lockdown that has thrown so many communities, businesses and individuals into insecurity and uncertainty, and doubtless the coming year will be dominated by the impact of the pandemic and the wider economic and social fall out.

As the COVID crisis hit us, OPDC quickly stepped up to support local residents and businesses, working very closely with our three local Boroughs, the GLA and West London Business to provide tangible and flexible support where it was most needed. We were pleased to make direct donations to local food banks and front-line services and we have redeployed OPDC colleagues as volunteers to assist with the valiant work of so many others to mitigate the worst impacts of the crisis on local residents and business.

While it is far too soon to know the full scale and scope of COVID, and we will need to respond to these with agility and speed, elsewhere, the last 12 months has seen both tangible progress towards the delivery of the huge regeneration potential of our area, together with challenges that have required a review of our forward strategy.

The most important news of the last year came in February when, following the Oakervee Review, the government finally gave the go ahead to High Speed 2 (HS2), and the Old Oak Common interchange.

HS2, and the immense potential that will be unlocked by the new station, has always been the lynchpin for our ambitions as it will establish Old Oak as the best connected regeneration location anywhere in the UK, and with construction activity now firmly underway, these ambitions can finally become credible plans.

The bedrock for the delivery of this remarkable regeneration potential is an up to date and adopted Local Plan, and much of 2019 was focussed on this priority. Following last summer's Examination in Public the Planning Inspector has endorsed many of our aims but has challenged the viability of bringing forward our major redevelopment proposals for Old Oak North. This has meant a reassessment of our priorities and strategy, away from Old Oak North and the associated bid for Housing Infrastructure Funds, and towards a focus on a series of major sites to the west and north of the new HS2 interchange, many of which are in public sector ownership via HS2 and Network Rail. We have been working closely with our borough partners, HS2 and Network Rail to flesh out this new approach and conclude our Local Plan, and in the coming year we aim to finalise our proposals for delivering a dynamic and uniquely well-connected new district for west London.

Beyond this strategic-level priority work, we have worked closely with our partners to support early development projects that are bringing new homes, residents and jobs to our area. During 2019-20, OPDC granted planning permission for Land East of Victoria Centre where 105 new homes, 100% of which will be affordable, and 280sqm commercial space is scheduled for completion in 2021; 23-33 Brunel Road with 1450sqm of industrial floorspace; and Mitre Yard where 241 new homes, 35% of which

will be affordable, and 609sqm commercial space and 514sqm workspace are scheduled for completion in 2022/23. Oaklands South and First Central were the initial major early housing sites and are nearing completion with occupation expected by the end of 2020.

We have also pushed ahead with public realm improvement projects to upgrade the local environment, assisted by the Mayor's Good Growth Fund and have started to use enforcement powers to address breaches of planning control to clean up our area for residents and businesses, and we are using planning contributions to bring forward new and improved infrastructure to support development.

Looking ahead, OPDC will continue to focus on assisting our local residents and businesses as best we can – especially as they deal with the short, and longer-term impacts of the current health crisis. But alongside this immediate priority we will continue to push ahead with our planning and delivery roles which have been given fresh impetus and relevance this year, not only because of the crucial go ahead for HS2 and the Old Oak Common station, but because Old Oak and Park Royal offer the best possible opportunities for responding creatively to the immense economic, social and regeneration challenges that Covid-19 has dealt our city.

A handwritten signature in black ink, appearing to read 'D Lunts', with a stylized, cursive script.

David Lunts

Interim Chief Executive Officer

30 November 2020

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 2019/20 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 £0.662m 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 £3.066m in unusable reserves relating to pensions liabilities, the accumulated absences account and capital adjustment account.

Cash Flow Statement

The cash flow statement shows an increase in cash balances by £4.909m to £5.089m.

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 £3.066m.

Narrative Report (continued)

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

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

On 1 April 2015, the Mayor of London established OPDC after it was identified that the transport investment from the new proposed HS2 and Crossrail interchange station could be capitalised upon to drive forward the regeneration of brownfield land within the surrounding area, developing a dynamic new heart for West London where people want to live, work and visit; driving innovation and growth in London and the UK; and creating opportunities for local people. As a result, it has the potential to become Europe's largest regeneration project.

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

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

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

4. Medium Term Financial Strategy

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

Narrative Report (continued)

5. 2019/20 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.

The approved revenue Budget for 2019/20 was £11.750m. Included in this budget was £1.800m of supplementary budget related to the Housing Infrastructure Fund bid that was not required in year. The budget figure has been adjusted to reflect the removal of this funding. Therefore, the net expenditure was £8.980m, resulting in an underspend of £0. 970m

Table 1 – 2019/20 Outturn

Expenditure			
Directorate	Outturn	Budget	Variance
CEO	£772,292	£843,000	-£70,708
Corporate Operations	£1,660,440	£3,351,000	-£1,690,560
Delivery	£4,773,905	£3,932,000	£841,905
Planning	£1,773,857	£1,824,000	-£50,143
Total	£8,980,494	£9,950,000	-£969,506

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 £0.071m, funded from the Mayor's Good Growth Fund towards public realm improvements at Scrubs Lane and Willesden Junction to benefit local communities.

6. OPDC's Performance

A Strategic Plan was published in the summer of 2016 and set the Corporation's direction of travel. A new corporate plan will be developed for 2021/22. For 2020/21, and g this is to some extent a year of transition, the Board has agreed a work programme for the Corporation. This sets objectives, goals and performance indicators for the Corporation's directorates. Progress is reported through a now well-embedded

Narrative Report (continued)

quarterly integrated performance and finance report. These reports are considered by the Board and can be accessed [here](#). Other core components of the Corporation's performance management framework include:

- the Corporation's budget and associated monitoring disciplines
- an Annual Report, setting out OPDC's achievements (incorporated into this document);
- operational work plans;
- programme level plans and monitoring; and
- Internal governance and performance management systems designed to manage and quality-assure delivery.

7. Developments and Achievements 2019/20

Developments and achievements over the past year include:

- **Supporting local businesses and communities during the Covid-19 pandemic:** OPDC made supporting vulnerable residents and local businesses its top priority, working with its three local boroughs and the GLA. OPDC granted £60,000 to each borough to support urgent food provision to those most in need. OPDC staff were also redeployed to teams within the GLA and boroughs to help coordinate services and emergency grants; and OPDC established community and business support lines to help ensure support was targeted to those who needed it most.
- **A new focus for the Corporation:** The Corporation reviewed the risks and issues facing the planned delivery of its 'Phase 1A' scheme and identified and shifted to a new focus for its regeneration efforts: the "western lands", an area predominantly in public sector ownership, surrounded by Old Oak Lane, Victoria Road and Old Oak Common Lane. The Corporation worked to scope and define the opportunity and gathered initial information on development capacity, land ownership, infrastructure requirements and delivery strategies to engage landowners, central and local government and the local community on how to best bring forward development. This new focus was agreed by the Board in January 2020, and OPDC is paving the way for a renewed, collaborative approach to regeneration, with key stakeholders, the community and the wider public.
- **Park Royal and Old Oak Employment and Skills Hub:** The Corporation was awarded £255,000 from HS2's Business and Local Economy Fund towards the set up and first three years of a new Park Royal and Old Oak Employment and Skills Hub. The Hub will support local businesses and help local people access employment opportunities now and in the future. The Hub is being delivered in partnership with the London Boroughs of Brent, Ealing and Hammersmith & Fulham, the Department of Work and Pensions, and West London College.
- **Echo Project:** OPDC concluded the R&D phase of the Echo project, at the heart of

Narrative Report (continued)

which will be a unique digital currency – 1 Echo for 1 hour – that will allow businesses, residents and community groups to connect and share skills, resources and opportunities.

- **Grants for community, arts and heritage projects:** We are providing small grants of up to £5,000 as part of our Great Place Scheme.

- **Support for local arts and culture projects:** OPDC's first Artist in Industry residency took place at the McVitie's factory. Over 600 staff members contributed to a book about life in the factory; and the first Annual Art Commission, The Park Royals, by local artist Faisal Abdu'Allah, was unveiled in October 2019 at the Brent Civic Centre.

- **In The Making:** OPDC launched a series of projects to shine a light on the positive changes happening in the area as part of the regeneration of Old Oak and Park Royal, delivering everyday improvements for local people.

- **Revitalising the Grand Union Canal:** OPDC was awarded £1.2m from the Mayor's Good Growth Fund to deliver pilot projects identified in the Canal Placemaking Strategy.

- **Local Plan:** OPDC's Local Plan examination hearings commenced in April 2019 and ran until July 2019. A range of stakeholders attended the hearings, which were focused on a wide range of planning topics including, development viability, affordable housing, design and density and environmental sustainability. During the course of the hearings, the inspector and officers proposed modifications to the Local Plan. Following the conclusion of the hearings the inspector also published interim findings directing the removal of two site allocations within Old Oak North from the Local Plan, on the grounds that the sites were not viable for development and were unlikely to be brought forward in the Local Plan period. OPDC will be responding to the inspector's interim findings during 2020/21.

- **Development management service:** 100% of planning applications were determined within statutory determination timescales or timescales agreed through Planning Performance Agreements with applicants. There was one planning appeal in the OPDC area during 2019/20, which OPDC successfully defended. OPDC agreed a Ways of Working Protocol with the its three local boroughs – Brent, Ealing and Hammersmith & Fulham. The protocol sets out a common approach on how OPDC officers will work with officers from the boroughs of Hammersmith and Fulham, Brent, and Ealing, when dealing with development proposals within the OPDC area.

- **Housing approvals:** OPDC has been set a target to deliver 1,367 homes a year in the Intend to Publish London Plan (2019). Some 945 homes were either approved or given resolution to approve subject to a signed S106 agreement during 2019-20. Of these approved homes, 34% will be secured as affordable housing, against a strategic target in the London Plan and OPDC's Local Plan to deliver 50 per cent affordable

Narrative Report (continued)

homes.

- **Enforcement Plan:** OPDC published a draft Enforcement Plan for public consultation in autumn 2019. The Plan sets out OPDC's enforcement principles, priorities and processes which will be adopted by OPDC when handling planning enforcement matters within its boundary. It also sets out what residents and businesses can expect from OPDC when an alleged breach of planning control is reported.
- **Mayor's Good Work Standard:** OPDC was one of the first organisations in London to be awarded the Good Work Standard.
- **Unconscious bias training:** OPDC values, celebrates and promotes diversity in our people and as a result, we rolled mandatory unconscious bias training.

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/opdc>

8. OPDC's Priorities for 2020-21 and Beyond

The Corporation's focus in 2020-21 and beyond will, in addition to our ongoing Covid-19 support, include:

- **Western Lands/Strategic opportunity:** Developing a funding and delivery strategy for major development in an area dominated by public sector ownership. OPDC will seek and coordinate political support and investment in land and funding to allow a comprehensive and strategic approach to regeneration.
- **Accelerated development:** Targeted interventions to address market failure and/or optimise development where land can be unlocked. OPDC will seek to maximise public benefit through a range of investment, public realm, meanwhile use and programming interventions.
- **Industrial regeneration:** Supporting the intensification of industrial land use, through infrastructure improvements, and economic development and innovation including support for emerging sectors. OPDC will work to accelerate the decarbonisation of industrial land uses through increased efficiency, renewable energy, supporting the adoption of electric vehicles etc. and support access to skills, training and employment; with a targeted emphasis on OPDC's most disadvantaged communities.
- **In the Making:** Empowering local communities through genuine participation and agency in delivery projects. OPDC will Increase community ownership of assets and programmes, support sustainable funding and pilot new approaches to design and delivery on the ground for the benefit of OPDC's longer term development.

Narrative Report (continued)

- **Engaging communities and stakeholders:** Developing and implementing an overarching communications and engagement strategy to support OPDC's Western Lands approach and Local Plan examination, ensuring that stakeholders and community members are consulted, listened to and enabled to help shape our development plans in a collaborative, inclusive and meaningful way.
- **Local Plan:** During 2020-21 OPDC, will be responding to the inspector's interim findings on the draft Local Plan. There will be a further public consultation and possibly additional examination hearings. The inspector will then write his final report, prior to OPDC being able to adopt the Local Plan. Work will also commence on the impacts of Covid-19 on town planning and this will inform future planning policies and guidance that OPDC produces.
- **Infrastructure Funding Strategy:** Officers will progress OPDC's Planning Obligations Supplementary Planning Document and Community Infrastructure Levy (CIL) Strategy to devise the optimal way to secure appropriate contributions from developments towards strategic infrastructure requirements.
- **Housing delivery:** OPDC will continue to work with developers and the wider construction industry to ensure that where it is safe to do so, construction is continuing and the OPDC area continues to contribute towards London's need for new homes at a range of affordabilities.
- **Vision:** Ensure OPDC has a clear vision and high-level work programme for the medium-term through by agreeing a new Corporate Plan that reflects the changes in direction brought about by the revised approach to regeneration.
- **Values and behaviours:** Introducing a new set of values and behaviours, which staff at all levels are signed up to and which supports professionalism, and public service ethos and strong delivery.

Narrative Report (continued)

9. Corporate Risks

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

Risk area	Mitigated Severity
Funding and Finance The significant/essential public & private sector investment required to meet OPDC's development objectives cannot be secured, especially following the impact of Covid-19. .	RED
Local Plan Stakeholder buy-in for OPDC's refocussed approach to regeneration may not be secured, and Local Plan policies are therefore more open to challenge.	RED
Covid-19 The Covid-19 Pandemic had minimal impact during 2019/20. Going forward there remains a significant level of uncertainty regarding the impact Covid-19 will have on the Corporation in 2020/21 and beyond. The Corporation is developing mitigation measures that address and respond to the challenges created by Covid-19.	RED

The table reflects the position at Q4, but regular risk updates are reported to the Audit and Risk Committee and can be found on the Committee's page on our website.



Fiona Marsh FCCA
Chief Finance Officer
30 November 2020

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 2020.



Fiona Marsh FCCA
Chief Finance Officer
30 November 2020



Liz Peace CBE
Chairman
30 November 2020

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 2020 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,
- the related notes 1 to 18.

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 2019/20.

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 2020 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 2019/20.

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 Old Oak and Park Royal Development Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

- the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority'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 2019/20, other than the financial statements and our auditor's report thereon. The Chief Financial 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 April 2020, 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 2020.

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects.

Responsibility of the Chief Financial Officer

As explained more fully in the Statement of the Chief Financial Officer's Responsibilities set out on page 17, the Chief Financial Officer is responsible for the preparation of the Annual Report and 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 2019/20, and for being satisfied that they give a true and fair view.

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether the Old Oak and Park Royal Development Corporation had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Old Oak and Park Royal Development Corporation put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority 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.

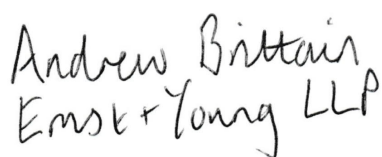
We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority'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 Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "Andrew Brittain" on the first line and "Ernst & Young LLP" on the second line.

Andrew Brittain (Key Audit Partner)

Ernst & Young LLP (Local Auditor)

London

4 December 2020

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 2020

		2019-20	2018-19
	Notes	£000	£000
Gross Income	2	(9,927)	(8,158)
Gross Expenditure	2	10,618	8,647
Net Cost of Services		690	489
Financing and investment expenditure	5	26	16
Taxation and Non-specific Grant Income		(54)	(17)
(Surplus) or deficit on provision of services		662	488
Corporation tax	7	2	(1)
(Surplus) or deficit on provision of services after tax		664	487
Remeasurement of the net defined benefit liability / (asset)	10	1,151	22
Total comprehensive income and expenditure		1,815	509

Balance Sheet

As at 31 March 2020

	Note	31-March-20	31-March-19
		£000	£000
Long Term Assets			
Property, Plant and Equipment		0	17
Total Long Term Assets		0	17
Current Assets			
Short Term Debtors	8	5,129	8,487
Cash and Cash Equivalents	17	5,089	180
Total Current Assets		10,218	8,667
Total Assets		10,218	8,684
Current Laibilities			
Short Term Creditors	9	(2,695)	(3,264)
Provisions	16	(912)	0
Receipts in Advance		(30)	(22)
Total Current Liabilities		(3,637)	(3,286)
Long Term Liabilities			
Retirement Benefit Obligation	10	(3,012)	(1,214)
Receipts in Advance	15	(6,635)	(5,435)
Total Long Term Liabilities		(9,647)	(6,649)
Total Liabilities		(13,284)	(9,935)
Net Liabilities		(3,066)	(1,251)
Total Reserves	12	3,066	1,251

The unaudited accounts were issued on 31 May 2020 and the audited accounts were authorised for issue on 30 November 2020.

Movement in Reserves Statement¹

As at 31 March 2020

2019/20	Notes	General Fund	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000
Balance as at 1 April 2019		0	0	1,250	1,250
Movement in reserves during 2019/20					0
Surplus or deficit on the provision of services		664	664	0	664
Other Comprehensive Income and Expenditure			0	1,151	1,151
Total Comprehensive Income and Expenditure		664	664	1,151	1,815
Adjustments from income and expenditure charged under the accounting basis to the funding basis	1	(664)	(664)	664	0
Decrease or (increase) in 2019/20		(0)	(0)	1,815	1,815
Balance as at 31 March 2020		(0)	(0)	3,066	3,066

2018/19	Notes	General Fund	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£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		1	1	510	510
Balance as at 31 March 2019		1	1	1,251	1,251

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.

2019/20	General Fund Balance	Movement in Unusable Reserves
	£000	£000
Adjustments to the Revenue Resources		
Holiday pay (transferred to the Accumulated Absences reserve)	(0)	0
Pension cost (transferred to (or from) the Pensions Reserve)	(647)	647
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	(664)	664

¹ Due to a rounding error the opening balance for unusable reserves 2019/20 is £1k less than the total reserves shown on the Balance Sheet.

Statement of Cash Flows

For the year ended 31 March 2020

	Notes	31 March 2020	31 March 2019
		£000	£000
Net surplus or (deficit) on the provision of services		(664)	(488)
Adjustment to surplus or deficit on the provision of services for noncash movements	11	5,539	(5,656)
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities		17	(17)
Net Cash flows from operating activities		4,892	(6,161)
Net Cash flows from Investing Activities		17	5,022
Net Cash flows from Financing Activities		0	0
Net increase or (decrease) in Cash and Cash Equivalents		4,909	(1,140)
Cash and Cash Equivalents at the beginning of the reporting period		180	1,320
Cash and Cash Equivalents at the end of the reporting period		5,089	180

Accounting Policies

a) Code of practice

The Corporation is required to prepare an annual Statement of Accounts by the Audit and Accounts (England) Regulations 2015. These regulations require the financial statements to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code"), supported by the International Financial Reporting Standards ("IFRS") adopted by the European Union and statutory guidance issued under section 12 of the Local Act 2003.

The Statement of Accounts summarises the Corporation's transactions for the 2019/20 financial year and its position at 31 March 2020. The Corporation's financial statements have been prepared in accordance with the Code and IFRS.

b) Basis of accounting

The Accounts are made up to 31 March 2020.

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 has in place appropriate funding and liquidity from the GLA from the Greater London Authority, and other sources.

The outbreak of COVID-19 at the end of the 2019/20 year presents a unique and significant challenge to the Corporation. The Corporation has carried out a detailed assessment of the likely impact of COVID-19 on its financial position and performance during 2019/20, 2020/21 and beyond. Evidently, COVID-19 poses a

Accounting Policies (continued)

significant financial challenge for the Corporation, as it will for many organisations.

However, despite these challenges, the Corporation still considers there to be appropriate funding in place and will therefore continue in operational existence for the foreseeable future and meet its liabilities as they fall due for payment. For these reasons, the Corporation does not consider that there is material uncertainty in respect of its ability to continue as a going concern for the foreseeable future and at least 12 months from the date of approval of the financial statements.

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 2021. There is no impact for the Corporation as it has no Operating Leases
- **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.
- **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.

f) Critical judgements on applying accounting policies.

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

Accounting Policies (continued)

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

g) 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.

h) Revenue recognition

The core principle of IFRS 15 is 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.

i) 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

Accounting Policies (continued)

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.

j) Corporation and chargeable gains taxation

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

k) 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 payable to HMRC and is excluded from income.

l) 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

Accounting Policies (continued)

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.

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.

m) Employee benefits

Benefits Payable during Employment

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

Termination Benefits

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

Accounting Policies (continued)

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.

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.

Accounting Policies (continued)

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
- 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.

n) Trade and other receivables

The Corporation received planning application income in 2019/20 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

Accounting Policies (continued)

Corporation. Other income received during the course of the year contributed towards specific pieces of work.

o) Trade and other creditors

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

p) Collection of Mayoral CIL

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

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives rise to a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year the Corporation becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the obligation is settled.

Accounting Policies (continued)

Contingent Liabilities

A contingent liability arises where an event has taken place that gives rise to a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Corporation. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives rise to a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Corporation.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Revenue expenditure funded from capital under statute (REFCUS)

Revenue expenditure funded from capital under statute is expenditure that may be capitalised under statutory provisions but which does not result in the creation of a fixed asset for the Corporation. For example, grant paid to a third party for the purchase or creation of a fixed asset.

REFCUS is charged as expenditure to the relevant service revenue account in the year. Where such expenditure is funded from capital grants or contributions, the grant or contributions (or the portions that relate to the expenditure) are recognised as revenue grants or contributions. Both the expenditure and the grant or contribution are reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Notes to the Statement of Accounts

1. Expenditure and Funding Analysis²

	Net Expenditure Chargeable to the General Fund Balances	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund Balances
2019-20	£000	£000	£000
Corporation	690	0	690
Net cost of services	690	0	690
Other Income and expenditure	(690)	664	(26)
Surplus or deficit	0	664	664
Opening General Fund Balance at 31 March 2019	0		
Less Deficit on General Fund Balance in Year	0		
Closing General Fund Balance at 31 March 2020	0		
	Net Expenditure Chargeable to the General Fund Balances	Adjustments between Funding and Accounting Basis	Net Expenditure Chargeable to the General Fund Balances
2018-19	£000	£000	£000
Corporation	489	0	489
Net cost of services	489	0	489
Other Income and expenditure	(489)	488	(2)
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		

² Due to a rounding error the surplus or deficit for 2018/19 is shown as £488k and not £487k.

Note 1a to the EFA – Adjustment between funding and accounting basis³

2019/20	IAS 19 Pension Adjustment £000	Accumulated Absences Adjustment £000	Capital Adjustment Account £000	Total Adjustments £000
Corporation	0	0		0
Net cost of services	0	0	0	0
Other Income and expenditure from the funding analysis	647	0	17	664
Difference between General Fund (surplus) or deficit and CIES (surplus) or deficit	647	0	17	664
2018/19	IAS 19 Pension Adjustment £000	Accumulated Absences Adjustment £000	Capital Adjustment Account £000	Total Adjustments £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

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:

³ Due to a rounding error the difference between General Fund (surplus) or deficit and CIES (surplus) or deficit should be £487k and not £488k.

Income	2019/20	2018/19
	£000	£000
GLA Income	(8,980)	(7,634)
Planning Application Fees	(430)	(265)
Mayoral CIL Administration	(1)	(54)
Other Income	(516)	(204)
Total Income	(9,927)	(8,158)
Expenditure	2019/20	2018/19
	£000	£000
Employee Benefits Expenses	3,319	3,048
Other Service Expenses	2,327	935
Consultancy and Professional Fees	4,590	4,172
Support Service Recharges	381	492
Total Expenditure	10,618	8,647

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 2020	31 March 2019
	£000	£000
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor	12	19*
Fees payable in respect of other services provided by the appointed auditor over and above external audit services	0	0

*In 2018/19 an additional fee of £7,311 was accrued in 2019/20 as it was too late to adjust the 2018/19 accounts. However, the note has been adjusted to reinstate this cost.

4. Remuneration

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

4. Remuneration (continued)

2019/20

	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 £
OPDC Staff						
Chief Operating Officer	Douglas Wilson	Until 25/09/2019	23,474	0	2,900	26,373
Chief Finance Officer	Jasbir Sandhu		92,916	0	11,150	104,066
Chief Finance Officer (maternity cover)	Fiona Marsh	From 23/03/2020	2,296	0	276	2,572
Head of Communications and Engagement	Patora Dyrma		69,884	0	8,386	78,270
Acting Head of Communications and Engagement	Roz Henville	From 01/01/2020	12,894	0	1,547	14,441
Commercial Director	Benjamin O'Neill		101,754	0	12,210	113,965
Director of Land and Property	Davena Wilson	From 08/05/2019	97,777		10,933	108,710
Interim Director of Planning	Thomas Cardis	Until 22/09/2019	42,536	0	5,104	47,641
Assistant Director of Planning	Thomas Cardis	From 23/09/2019	43,087	0	5,170	48,257
Assistant Director of Planning	Claire O'Brien		57,637	0	8,181	65,818
Human Resources and Organisational Development Manager	Karen Passley		76,024	0	0	76,024

Seconded

Interim Chief Executive Officer	David Lunts	
Head of Governance and Performance	Tim Somerville	From 02/09/2019

2018/19

	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 £
OPDC Staff						
Chief Executive Officer ⁱ	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 Passley		73,551	0	0	73,551
Commercial Director	Benjamin O'Neill		79,458	0	9,535	88,993

ⁱ - 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.

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.

4. Remuneration (continued)

The table below discloses permanent Officers on the Corporation's payroll who earn above £50,000, but excludes the Executive Management Team, seconded staff, agency staff and contractors.

Remuneration Band (£)	2019/20 Number of Employees	2018/19 Number of Employees
50,000 - 54,999	3	3
55,000 - 59,999	9	3
60,000 - 64,999	0	1
65,000 - 69,999	2	2
70,000 - 74,999	1	0
75,000 - 79,999	2	1
80,000 - 84,999	0	0
85,000 - 89,999	1	0
90,000 - 94,999	1	0
95,000 - 99,999	1	0
100,000 - 104,999	1	0
	21	10

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 46 staff in full-time and part-time positions, including apprentices and secondees from across the GLA Group.

4. Remuneration (continued)

Members' remuneration

2019/20

Name	Title	Notes	Salary (inc fees and allowances) £'000	Expenses £'000	Employer's NI £'000	Total remuneration £'000
Elizabeth Peace	Chairman and Chair Investment Committee		29	0	3	32
Julian Bell	Board Member and Audit and Risk Committee member		14	0	1	15
Muhammed Asqhar 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		18	0	1	19
Rahul Gokhale	Board Member and Audit and Risk Committee Member		16	0	1	17
William Anthony Hill	Board Member and Investment Committee Member		16	0	1	17
William McKee	Board Member and Chair Planning Committee		18	0	1	20
Shevaughn Sharon Rieck	Board Member and Audit and Risk Committee member		16	0	1	17
Michael Simms	Board Member and Appointments & Remuneration Committee Member		16	0	1	17
Helen Ward	Board Member and Appointments & Remuneration Committee Member		16	0	1	17
Gordon Adams	Planning Committee Member		2	0	0	2
Karen Cooksley	Planning Committee Member		2	0	0	2
Sandra Rose Fryer	Planning Committee Member		2	0	0	2
Wesley Harcourt	Planning Committee Member		2	0	0	2
Natalia Perez	Planning Committee Member		2	0	0	2
Ketankumar Sheth	Planning Committee Member		2	0	0	2
Peter Elijah Jonathan Mason	Planning Committee Member		2	0	0	2
Jules Pipe	Board Member	Unremunerated	0	0	0	0
Victoria Quinlan	Board Member, Investment Committee Member and Chair Audit and Risk Committee	Unremunerated	0	0	0	0

4. Remuneration (continued)

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 Asqhar 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	6	0	0	6
Gordon Adams	Planning Committee Member	Committee member to 30/09/2018	2	0	0	2
Karen Cooksley	Planning Committee Member	Committee member from 26/11/2018 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		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

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-Mar-20	31-Mar-19
	£000	£000
Net interest on the net defined benefit liability	26	16
Other bank and finance charges/credits	0	0
Total	26	16

6. Taxation and non-specific grant Income

	31-Mar-20	31-Mar-19
	£000	£000
Capital grants and contributions	(54)	(17)
Total	(54)	(17)

7. Corporation tax

a) Corporation tax

The corporation tax expense in the Income and Expenditure account comprises a prior year adjustment of £2,131 in relation to the year ended 31 March 2019.

	31-Mar-20	31-Mar-19
	£000	£000
Net deficit on provision of services	662	488
Corporation Tax at 19%	(129)	(93)
Effect of:		
Disallowable items	(9)	(3)
Pension Scheme adjustments	135	93
Prior year adjustments	2	3
Corporation Tax	2	(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 below. No deferred tax assets have been recognised in view of the uncertainty of future taxable profits

Corporation Tax	31-Mar-20	31-Mar-19
	£000	£000
Assets due to:		
Pension scheme liabilities	572	206
Timing differences on fixed assets	3	4
Tax losses	20	

The potential deferred tax assets have been calculated using the tax rate at which the assets are expected to reverse, 19% for the year to 31 March 2020 (17% for the year to 31 March 2019).

8. Debtors

	31 March 2020	31 March 2019
	£000	£000
Debtor (GLA)	4,768	8,123
Local Government	0	36
Prepaid Expenses	12	14
GLA Functional Bodies	30	0
Taxation Debtor (HMRC)	187	270
Other entities and individuals	132	44
Total	5,129	8,487

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

9. Liabilities

	31 March 2020	31 March 2019
	£000	£000
Current liabilities		
Tax Liabilities (HMRC)	(78)	0
Local Authorities & GLA Functional Bodies	(1,621)	(1,751)
Other entities and individuals	(996)	(1,535)
Total	(2,695)	(3,286)

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)

Life expectancy from age 65 (Years)	31 March 2020 Weighted by liability	31 March 2020 Unweighted	31 March 2019 Unweighted
Retiring today			
Males	22.6	21.9	21.5
Females	24.5	24.7	23.6
Retiring in 20 years			
Males	24.0	23.2	23.3
Females	25.9	26.1	25.3

Financial assumptions	31 March 2020 % per annum	31 March 2019 % per annum	31 March 2018 % per annum
Discount rate	2.35	2.45	2.60
Pension increases	1.75	2.35	2.25
Salary increases	2.75	3.85	3.75

CPI is assumed to be 0.8% per annum.

The assumptions used to measure events in the accounting period from 1 April 2019 to 31 March 2020 are set with reference to market conditions at 31 March 2020.

The estimate of the employer's past service liability duration is 35 years.

Amounts charged to the Comprehensive Income and Expenditure Statement

	31 March 2020 £000	31 March 2019 £000
Service cost	865	672
Administration expenses	2	1
Total included in net cost of services	867	673
Net Interest on the defined liability	26	16
Total included in deficit on provision of services before tax	26	16
Remeasurement of the net defined benefit (asset) / liability	1,151	22
Total	2,044	711

Reconciliation of present value of the defined benefit obligation

	31 March 2020 £000	31 March 2019 £000
Opening defined benefit obligation	(2,621)	(1,658)
Current service cost	(865)	(611)
Interest cost	(69)	(45)
Change in financial assumptions	1,177	(238)
Change in demographic assumptions	89	144
Experience gain/(loss) on defined benefit obligation	(3,091)	0
Liabilities extinguished/(assumed) on settlements	0	0
Estimated benefits paid net of transfers in	(225)	0
Past service costs, including curtailments	0	(61)
Contribution by Scheme participants	(192)	(152)
Closing defined benefit obligation	(5,797)	(2,621)

10. Pensions (continued)

Reconciliation of fair value of Fund assets

	31 March 2020	31 March 2019
	£000	£000
Opening fair value of Fund Assets	1,407	953
Interest on assets	43	29
Return on assets less interest	(63)	72
Other actuarial gains/(losses)	737	0
Administration expenses	(2)	(1)
Contributions by employer including unfunded	246	202
Contribution by Scheme participants	192	152
Estimated benefits paid plus unfunded net of transfers in	225	0
Settlement prices received	0	0
Closing Fair Value of Fund assets	2,785	1,407

The total return on the fund assets for the year to 31 March 2020 is (£20,000).

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 2020	31 March 2019
Present value of the defined benefit obligation	(5,797)	(2,621)
Fair Value of Fund assets	2,785	1,407
Net (liability) / asset arising from defined benefit obligation	(3,012)	(1,214)

Local Government Pension Scheme assets comprised:

	31 March 2020		31 March 2019	
	£000	%	£000	%
Employer asset share - bid value				
Equities	1,503	54	777	55
Target Return Portfolio	718	26	359	25
Infrastructure	203	7	80	6
Property	276	10	126	9
Cash	85	3	65	5
Total	2,785	100	1,407	100

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

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.

10. Pensions (continued)

	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	5604	5797	5997
Projected service cost	670	693	717
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	5814	5797	5780
Projected service cost	693	693	693
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	5981	5797	5619
Projected service cost	717	693	670
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	5992	5797	5609
Projected service cost	716	693	670

11. Cash flow note

The surplus or deficit on the provision of services have been adjusted for the following non-cash movements:

	31 March 2020	31 March 2019
	£000	£000
Increase/(decrease) in creditors	(561)	(2,153)
(Increase)/decrease in debtors	3,357	(3,990)
Increase/(decrease) in other non-cash items	912	0
Movements in pension liability	1,831	487
Adjustment to net deficit for non-cash movement	5,539	(5,656)
The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing cash flows		
	31 March 2020	31 March 2019
	£000	£000
Any other items for which the cash effects are investing or financing cash flows	17	(17)
Adjustment to investment and financing activities	17	(17)
Cash Flow Statement - Investing Activities		
	31 March 2020	31 March 2019
	£000	£000
Other receipts from investing activities	17	5,039
Purchase of property, plant and equipment	0	(17)
Net cash flows from investing activities	17	5,022

12. Reserves

Usable reserves

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

Unusable reserves

	31-Mar-20	31-Mar-19
	£000	£000
Pension Reserve	3,012	1,214
Accumulated Absences Account	54	53
Capital Adjustment Account	0	(17)
Total	3,066	1,250

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Corporation accounts for post-employment benefits, in the Comprehensive Income and Expenditure Statement, as the benefits 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-Mar-20	31-Mar-19
	£000	£000
Balance 1 April	1,214	705
Remeasurement of the net defined benefit liability / (asset)	1,151	22
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	893	689
Employer's pensions contributions and direct payments to pensioners payable in the year	(246)	(202)
Balance 31 March	3,012	1,214

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.

12. Reserves (continued)

	31-Mar-20	31-Mar-19
	£000	£000
Balance 1 April	53	36
Settlement or cancellation of accrual made at the end of the preceding year	(18)	(19)
Amounts accrued at the end of the current year	18	37
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	(0)	18
Balance 31 March	54	53

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-Mar-20	31-Mar-19
	£000	£000
Balance 1 April	(17)	0
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Revenue expenditure funded from capital under statute	71	
	54	
Capital financing applied in the year:		
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(54)	(17)
	(54)	
Balance 31 March	0	(17)

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.

13. Related party transactions (continued)

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 2020 were as follows:

	31 March 2020	March 2019
	£000	£000
Income		
Greater London Authority	(5,686)	(7,678)
Expenditure		
Local Government	264	0
Greater London Authority	351	275
Functional Bodies of the GLA	389	472

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

Members and Executive Management Team – Income and Expenditure

Members of the Corporation have direct control over the Corporation's financial and operating policies. The total of members' allowances paid in 2019/20 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 2019/20 under the related party transactions declaration.

14. Capital Expenditure and Capital Financing

	31-Mar-20	31-Mar-19
	£000	£000
Opening Capital Finance Requirement	0	0
Capital Investment		
Plant, Property and Equipment (Assets Under Construction)	(17)	17
REFCUS - Grant payments to external organisations for capital purposes	71	0
Total Capital Spending	54	17
Sources of Finance		
Government Grants and Contributions	(54)	(17)
Total Sources of Finance	(54)	(17)
Closing Capital Finance Requirement	0	0

15. Grants

Grants Receipts in Advance - Long Term Liabilities

	31 March 2020	31 March 2019
	£000	£000
S106 Grant	(6,635)	(5,435)
Total	(6,635)	(5,435)

Grants Credited to Services

	31 March 2020	31 March 2019
	£000	£000
Functional Bodies Contributions	(8,980)	(7,634)
Other Government Grants	(5)	(18)
Total	(8,985)	(7,652)

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

	31 March 2020	31 March 2019
	£000	£000
Capital Grant	(54)	(17)
Total	(54)	(17)

16. Provisions

Provisions are amounts set aside to meet future material liabilities of uncertain timing or amount. During the year, the Corporation set up a provision for electrical infrastructure upgrade work in Atlas Road that was being carried out by UK Power Networks (UKPN). UKPN notified the Corporation of a cost variation to the construction works for the new power supply at Atlas Road on the 18th December 2019. The Corporation sought expert legal advice and although it is still in the process of robustly challenging UKPN on the detail basis of all the costs it is likely to have to pay the variation costs at some point in the future. The total amount payable for cost variation is £911,745

Short Term Provision	
	£000
Balance at 1 April 2019	0
Additional provisions made in 2019/20	(912)
Amounts used in 2019/20	0
Balance at 31 March 2020	(912)

17. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with the Greater London Authority (GLA) repayable without penalty on notice of not more than 24 hours.

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2020	31 March 2019
	£000	£000
Bank current accounts	13	180
Other deposits	5,076	0
Total	5,089	180

18. Contingent Assets

Contingent VAT

VAT receivable from HMRC has been treated as a contingent asset. Errors concerning unclaimed amounts in relevant quarters must be reported to HMRC outside the quarterly submission process where either:

- the net value of errors found on previous returns exceeds £10,000
- the net value of errors found on previous returns is between £10,000 and £50,000, but exceeds 1% of net outputs (Box 6 of the VAT Return) for the return period in which errors are discovered.

The total value of errors is circa £49.5k, however, there is no guarantee that HMRC will accept this claim. In accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* this amount has been treated as a Contingent Asset and thus not recognised in the Balance Sheet.

Annual Governance Statement

Local authorities are statutorily required to review their governance arrangements at least once a year. Preparation and publication of this Annual Governance Statement, drafted 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 ensure 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, including arrangements for the management of risk, and ensure that the responsibilities set out above are being met.

The Corporation has adopted the requirements of the Framework and has policies and processes to ensure robust corporate governance and effective internal arrangements.

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. Its fundamental purpose is to secure the regeneration of the area within its boundaries and it is also the planning authority within this development area.

The Corporation is a functional body of the Mayor of London, which operates within the overall legislative and governance framework provided by the GLA Acts 1999 and 2007, and part of the wider GLA Group. The Mayor of London appoints members to its Board and allocates its budgets. The Mayor is also able to direct the Corporation in the exercise of its functions, and to delegate functions to it.

The purpose of the governance framework

The governance framework provides for the systems and processes by which the 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 Corporation for the year ending 31 March 2020 and up to the date of approval of the Statement of Accounts. This AGS was first published, in draft, in May 2020 and predominantly reflects the position at 31 March 2020. The Corporation can confirm, however, that there have been no substantive governance issues between March and November, and which are not otherwise reflected on below. Since the draft AGS was published, an update has been provided below on decision-making arrangements. A new improvement plan has been added in respect of cash management of MCIL and S106 monies.

The governance framework

Board and committees

The 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 2020, the following committees met:

- **Audit and Risk Committee**

To ensure the efficient and effective discharge of the Corporation's functions, through the proper administration of the 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.

- **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 Corporation is a consultee.

The Corporation also has an:

- **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.

Committee members must be members of the Corporation's Board, except where the Mayor of London has approved the appointment of non-Board members to Committees. He has done so in relation to the Planning Committee, which is comprised of one Board member, four elected councillors from the boroughs, and three independent members of the Committee appointed following a recruitment process.

Attendance at Board and Committee meetings by members is detailed in the table below. Dashes indicate the individual was not a member of the Board or Committee in question.

	Meetings of the Board attended	Meetings of the Audit and Risk Committee attended	Meetings of the Planning Committee attended
Total number of meetings in the period	3	3	7
Liz Peace CBE (Chair)	2	-	-
Julian Bell	3	3	-
Muhammed Butt	2	-	-
Natalie Campbell	3	-	-
Stephen Cowan	2	-	-
Rahul Gokhale	3	3	-
William Hill	3	-	-
William McKee CBE	3	-	7
Jules Pipe CBE	1	-	-
Shevaughn Rieck ⁴	2	2	-
Victoria Quinlan	3	3	-
Michael Simms	3	-	-
Helen Ward	3	-	-
Gordon Adams	-	-	4
Karen Cooksley	-	-	6
Sandra Fryer	-	-	7
Wesley Harcourt	-	-	7
Peter Mason	-	-	5
Natalia Perez	-	-	6
Ketan Sheth	-	-	5

Vision and performance

The Corporation's vision and purpose are set out in its Strategic Plan, which was published in May 2016. Objectives are monitored through a quarterly corporate performance and financial reporting regime.

During 2019/20, the Corporation pivoted away from its main delivery focus – Phase 1, a land acquisition strategy centred to a large extent on public sector land, but also land owned by multiple third parties, most significantly Cargiant.

The change in focus was in the context of:

- the failure to adopt the Local Plan in a form that supported Phase 1A;
- uncertainty surrounding the successful drawdown of HIF funding (OPDC was unable to satisfy specific conditions relating to the local plan and the acquisition of third-party land, which included land owned and controlled by Cargiant); and

⁴ Shevaughn Rieck was on parental leave for a proportion of the financial year.

- a change in stance from Cargiant regarding the development of its land, which mainly related to an inability to relocate.

This change was approved by the Board in January 2020 together with a revised delivery strategy, the key elements of which include:

- A new focus on the regeneration of the 'Western Land' along Old Oak Common Lane, Old Oak Lane and Victoria Road where key sites are owned by DfT and Network Rail;
- Developing an evidence base of the benefit of a comprehensive and coordinated approach to land, development and infrastructure funding to optimise the strategic opportunities that the area offers;
- Securing the support of major partners including public sector landowners and funders; and
- Developing an engagement plan to ensure local and future communities in the area can influence the development and delivery of this major opportunity for London.

Developing a refreshed Corporate Plan, including to reflect this new approach, is a priority for 2020/21. In the interim, a work programme has been agreed, setting objectives and measures for the Corporation's directorates.

Performance is monitored through quarterly reports to the Board and GLA. Financial performance is also monitored through management accounts disciplines.

OPDC's corporate performance management was revised in 2019/20 to provide a more comprehensive yet focussed approach to quarterly reporting. The reports are based on three dashboards – Corporate and Engagement, Planning, and Delivery – and set out performance indicators, goals, risks and issues. These flow from objectives and reporting is integrated with a review of spend against budget.

The Corporation's response to Covid-19

OPDC invoked its business continuity plan as soon as it became apparent Covid-19 would impact on the Corporation's work and staff. In parallel, the Corporation iterated its business continuity plan, in line with the approach of the GLA; for example, to model the impact of 20 per cent staff absence and ensure continuity of decision-making via remote means. The Senior Management Team has coordinated and overseen the Corporation's response.

New ways of remote working were embedded, supported by an audit of ICT kit available to staff and provision of new equipment – directly and indirectly by an amendment to the Corporation's Expenses and Benefits Policy to allow the purchase, as a reclaimable expense, of ICT and home-working equipment. Internal communications and communications to the Board were stepped up.

Directors led a review to identify at-risk suppliers and grant recipients, in the event contracts or grant agreements needed to be flexed for at risk organisations. Work plans were also reviewed, especially those of grant programmes.

OPDC temporarily refocused its energy, staff and a modest element of expenditure to help alleviate the impact of the Covid-19 pandemic on the Corporation's local communities and businesses, including through providing staffing support to London Funders and the Corporation's three local boroughs. Grants totalling £180,000 were paid to the boroughs to support foodbanks and emergency provision. OPDC has also conducted outreach to businesses in Park Royal ensuring they are aware of the support available to them and provided staff support to the LEAP and the Growth Hub to support increased capacity for their business support services.

The Corporation's governance framework proved flexible and resilient and allowed the Corporation to continue to operate effectively, with the restrictions imposed by Covid-19. The main change to the governance framework that was required was the adoption of a Remote Decision-Making Scheme, about which there is more below.

Standing orders, delegations and code of conduct

Key governance documents for the Development Corporation comprise:

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

These documents were all in place throughout 2019/20. A review of core governance documents will begin in 2020/21. This will include the arrangements for ensuring governance of programme decisions within over-arching board approvals, which could be set out more clearly.

In May 2020 the Corporation adopted a temporary Remote Decision-Making Scheme, following approval by the Chair (on behalf of the Board) and the Mayor. The new Scheme modified the Standing Orders, General Scheme and Scheme of Planning Delegations to facilitate decision-making without the need for physical meetings, impractical given the risks and social distancing measures arising from the Covid-19 pandemic. Mayoral Development Corporations were not initially extended the flexibilities to take decisions through remote meetings granted to local authorities through the Coronavirus Act 2020. So, the Corporation's approach was based on Advisory Panels considering items of business – transparently and via remote

workings – before a decision by the Chair (of the Board or Committee, as relevant) under delegation.

November 2020 update: Since 1 August 2020, the flexibilities allowing for remote decision-making meetings have applied to Mayoral Development Corporations also. OPDC therefore revoked its Remote Decision-Making Scheme and has since been holding decision-making Board and Committee meetings, only these meetings are taking place ‘remotely’ rather than with participants in the same room. Members of the public can view the meeting via City Hall’s Media Centre.

All the above documents are available on the Corporation’s website.

A staff code of conduct and other people management policies are in place and form a core part of their induction process. OPDC will review its induction arrangements in 2020/21.

The governance arrangements will continue to be reviewed and updated to ensure that the organisation’s structures and decision-making processes remain up to date. This will be a priority workstream for 2020/21, including ensuring we retain a commonality of approach with the GLA while reflecting the unique requirements of the Corporation.

Risk management, fraud and corruption

The Corporation’s risk management processes embed 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. The revised quarterly reporting processes provide for a more integrated approach to risk management, identifying top risks for each area of the Corporation.

Corporate-level risks and issues are identified through analysing the risk register and considering any other risks and issues impacting on the Corporation. These are agreed by the Senior Management Team and the risks are captured in a corporate risk register. Updates on corporate risks and issues are reported to the Board and to Audit Committee. In 2020/21, the risk management framework will be reviewed and a fundamental review of the corporate risk register will take place.

The Development Corporation has an Anti-Fraud, Bribery and Corruption Policy and a Whistleblowing Policy. Measures include processes to prevent and detect fraud. There were no reported instances of whistleblowing or fraud in 2019/20.

Preventative controls include 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.

Management of change

Financial and legal controls compliance

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

- The Chief Finance Officer of the Development Corporation (designated in accordance with Section 127 of the Greater London Authority Act 1999) is Fiona Marsh, a member of the Association of Chartered Certified Accountants (ACCA). 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 Corporation ensures compliance with relevant laws and regulations through shared service arrangements with Transport for London for legal and procurement services. 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 Corporation must also be reviewed by the legal team.

Compliance with other legislation (e.g. employment or procurement) is ensured by the working policies, procedures and practices of the relevant team. Policies are approved by the Senior Management Team following consultation with employees.

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, through both regular reports and 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 Corporation's website which helps to enhance public trust in financial governance.

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

In addition to its regular reports and assurance work, in 2019/20 the Committee reviewed the context, timescales and budgets associated with the Corporation's application to the government's Housing Infrastructure Fund (HIF) in September 2018, and the changing conditions that led to the decision to withdraw the bid and terminate the associated plans to bring forward housing and infrastructure in that scheme, which was called "Phase 1A, Old Oak North."

The Mayor's Office for Policing and Crime (MOPAC) were appointed by the Board as the Corporation's internal auditors, and their work is reported to, and monitored and reviewed by the Audit and Risk Committee. MOPAC assists 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 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.

The following reviews from the audit plan were finalised with substantial and adequate assurance:

- Affordable Homes
- General Ledger Control Framework
- Planning Powers Follow Up
- Corporate Performance Management Framework
- Staffing Capacity
- Great Places Scheme
- Material Financial Systems – Section 106 and Capital Funding

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 Corporation is subject to the GLA Group annual budgeting process, engages with the London Assembly and its committees 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 Corporation are aligned with the Mayor's general policy framework.

The Corporation 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.

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 2019/20.

Meeting development needs of members and senior staff

OPDC is committed to supporting and harnessing a diverse and inclusive workforce and employs 46 staff in full-time and part-time positions, including apprentices, and secondees, and also shares resources from across the GLA Group, with a workforce generally reflecting the diversity of the community the Corporation serves.

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 Corporation's Community and Business Engagement Teams manage a programme of active engagement with local people using a variety of channels and forums. Following the Covid-19 outbreak engagement activities have been focused on

supporting the GLA and the local London Boroughs help businesses and communities in the OPDC area.

The team has also adapted to holding remote consultation and engagement activities, having hosted community review group meetings and public Q&A sessions around upcoming planning applications, online.

The Development Corporation has partnership arrangements in place with a number of bodies, including local authorities and landowners and other stakeholders and will continue to work closely and develop relations with the residential and business community, the three local boroughs and other key partners including Network Rail, HS2 and local politicians.

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 which has responsibility for the development and maintenance of the governance environment, the Annual Internal Audit Opinion, and also by comments made by the external auditors.

Having made enquiries with relevant senior officers, members of the Senior Management Team are required to confirm that proper governance and internal control arrangements are in place for their areas of responsibility. In doing so, SMT must 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 control issues that have arisen during the year, the Head of Internal Audit's overall opinion for 2019/20 was that OPDC's internal control environment was adequate and controls were in place to mitigate key risks to support the achievement of its overall strategic objectives.

The Action Plan below sets out areas of further improvements to the internal controls in 2019/20 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 2019/20.

Annual Governance Statement 2019/20 Action Plan (for 2020/21)

No.1	Area to develop	Actions	Timescales	Lead Officer
1	Contract & Grant award and management	Enhance the Corporation's capacity to undertake effective contract and grant award and management	March 2021	Head of Governance
2	Governance Framework	A review and refresh of the Corporation's Governance documents, ensuring they are up to date and aligned with practice at the GLA, and including also providing clarity on the process for approving detailed expenditure within an over-arching Board approval	March 2021	Head of Governance
3	Risk Management	Review the Corporation's risk management framework and ensure the corporate risk register is joined-up with the new quarterly performance and financial monitoring approach	March 2021	Head of Governance
4	Strategic Plan	Review and refresh the Corporation's Strategic Plan	April 2021	Head of Governance
5	Adapting to the new normal imposed by Covid-19	Take forward a number of workstreams to ensure the Corporation continues to be open, engaged and accountable, structures its interventions appropriately, and maintains its capacity and staff wellbeing in the context of a 'new normal' imposed by Covid-19	March 2021	Senior Management Team
6	MCIL and S106 monies	Introduce enhanced procedures for the cash management of MCIL and S106 monies, and increase also the transparency of reporting	March 2021	Chief Finance Officer

The Board and Committees

Board

During the year, the Board comprised the following Members;

- Councillor Julian Bell – Leader of Ealing Council
- Councillor Muhammed Butt – Leader of Brent Council
- Natalie Campbell – Chief Executive Officer, Belu Water Ltd
- Councillor Stephen Cowan – Leader of Hammersmith & Fulham Council
- Rahul Gokhale – Chair, Park Royal Business Group
- William Hill – Chair, Chairman at Ediston Property Investment Company plc and former Head of Property at Schroders plc
- William McKee CBE – CEO, Accessible Retail
- Elizabeth Peace CBE – Chairman and former Chief Executive of the British Property Federation
- Jules Pipe CBE – Deputy Mayor, Planning, Regeneration and Skills
- Victoria Quinlan – Managing Director - Investment Management for Lendlease
- Shevaughn Rieck – Partner at Farrells LLP
- Michael Simms – Director, Acton Community Forum
- Professor Helen Ward – Professor of Public Health, Imperial College London

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

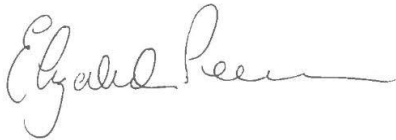
- Natalie Campbell (Chair)
- Councillor Muhammed Butt
- Michael Simms
- Professor Helen Ward

Audit and Risk Committee

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

Planning Committee

- William McKee CBE (Chair)
- Gordon Adams, Head of Planning & Public Affairs, Battersea Power Station Development Company
- Karen Cooksley, Partner & Head of Planning Development, Winckworth Sherwood
- Sandra Fryer, Director, Sustainable Works Ltd
- Cllr Wesley Harcourt (LB Hammersmith and Fulham)
- Cllr Peter Mason (LB Ealing)
- Cllr Natalia Perez (LB Hammersmith and Fulham)
- Cllr Ketan Sheth (LB Brent)



Liz Peace
Chairman (on behalf of the Board)
30 November 2020



David Lunts
Interim Chief Executive Officer
30 November 2020

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.