

OPDC

OLD OAK AND
PARK ROYAL
DEVELOPMENT
CORPORATION



Annual Report & Accounts

1 April 2015 (date of incorporation) to 31 March 2016

Audited

MAYOR OF LONDON

Contents

	Page
Chief Executive Officer's Statement	3
Narrative Report	4
Statement of Responsibility for the Accounts	8
Independent Auditor's Report	9
Comprehensive Income and Expenditure Statement	12
Balance Sheet	13
Movement in Reserves Statement	14
Statement of Cash Flows	15
Accounting Policies	16
Notes to the Accounts	25
Annual Governance Statement	36
Glossary of Terms	44

Chief Executive Officer's Statement

In its first year of operation, the Old Oak and Park Royal Development Corporation has made significant progress towards the regeneration and development of London's largest Opportunity Area. As we begin our second year, I am pleased to report that the organisation is in a strong position to play a key role in delivering the Mayor of London's manifesto priorities.

The OPDC Board has been established and, together with the OPDC's staff of around 40, forms an accountable and strategic body that has engaged local boroughs, Government, businesses and the local community in Old Oak and Park Royal. A key achievement for the organisation was the Chancellor's announcement in November 2015 that all publicly-owned land around the Old Oak station would be brought into single control. By March 2016, OPDC secured an in-principle agreement on land transfer between itself and the Government. Setting out a sound planning framework is key to driving forward the delivery of affordable homes and jobs and, in October 2015, the Opportunity Area framework was adopted, setting the early foundations for this. An extensive Local Plan public consultation programme was undertaken in spring 2016 with over 3,000 responses received.

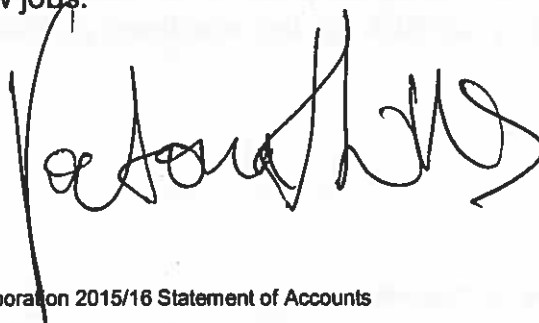
As Old Oak and Park Royal is the only point at which the High Speed 2 rail line will meet with Crossrail, it was significant that OPDC succeeded in securing an in-principle decision on the future of the Crossrail depot with Transport for London, and separately an agreement with HS2 to explore the potential for over-station development opportunities in and around the future HS2 station. With 10 years until a new station opens in 2026 there is much to do but we have time to carefully plan to capitalise on the significant rail investment the area will receive. As the UK's largest industrial park, Park Royal is well placed to benefit from future opportunity afforded by the new rail stations.

There is a golden opportunity to deliver thousands of new, affordable homes and jobs in one of London's largest brownfield sites over the next 40 years. Straddling three London boroughs – Ealing, Brent, and Hammersmith & Fulham – Old Oak and Park Royal has the potential to make this part of London the gateway to the Midlands and the North of England and a model of smart city engineering.

We concluded our first year of operation in a sound financial position and with the groundwork laid for the new Mayor to use his strategic oversight and planning powers to create a vibrant new area of North West London with capacity for 25,500 new homes and 65,000 new jobs.

Victoria Hills
Chief Executive Officer

30 September 2016



Narrative Report

The Old Oak and Park Royal Development Corporation is a Mayoral Development Corporation, established under the provisions of the Localism Act 2011. As a functional body of the Greater London Authority, the Mayor appoints members to the board and allocates budgets. In addition, the Development Corporation is required to prepare its Statement of Accounts in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom.

The Development Corporation's purpose is to use the catalyst of the planned High Speed 2 and Crossrail station at Old Oak Common to drive the regeneration of Old Oak and Park Royal, and surrounding areas, 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.

2015/16 has been the first year of operation for the Development Corporation, which was established on 1 April 2015.

The Local Government Act 2003, section 21 empowers the Secretary of State to make provision about the accounting practices to be followed by a local authority and likewise issue guidance. Section 23 defines 'local authority' to include functional bodies of the GLA and therefore the Corporation comes within the definition.

Regulation 31 of the Local Authorities (Capital Finance and Accounts (England)) Regulations 2000 directs that the appropriate accounting practices for local authorities are those in the CIPFA 'Code of Practice for Local Authorities'. These Accounts have been produced in accordance with this guidance and regulation.

Financial Review

The Greater London Authority approved a budget of £3.7m for the Corporation's first year of operation to fund staffing and other operating costs, utilising shared services within the GLA group wherever appropriate, and programme spend to enable preliminary work to be carried on the regeneration opportunities for Old Oak and Park Royal that could emerge with the development of High Speed 2 and Crossrail links to the area.

An underspend during the year of £0.455m, arose primarily from savings on corporate overheads and a slower pace of recruitment than had been forecast. The net budgets, funded by the GLA, for the next three years are:

	£m
• 2016/17	11.4
• 2017/18	11.1
• 2018/19	11.1

Budgets for 2017/18 and 2018/19 are subject to the annual budget process for the GLA group. The process for 2017/18 has commenced and the Mayor is required to set the budget by 28 February 2017.

The key focus for 2015/16 was the production of a Growth Strategy demonstrating how 25,500 new homes and 65,000 jobs could be delivered through the regeneration of Old Oak and Park Royal. This led to the signing, in March, of a Memorandum of Understanding between the Corporation and the Department for Transport agreeing the principle that public land would, subject to certain conditions being satisfied, be transferred to the Corporation to facilitate regeneration. In total this land covers approximately 97 hectares of the 134 hectare developable area within Old Oak.

Subject to the outcome of the current strategic review of the OPDC, the budgets for the next three years will allow the Corporation to progress the more detailed work necessary to enable it to satisfy the conditions precedent for any transfer of the public land to the Corporation, namely, having in place:

- A masterplan showing proposed land uses and associated social and economic infrastructure requirements for the whole of Old Oak Common and, specifically for Old Oak South, sets out how the OPDC vision for new homes and jobs can be delivered across the various sites (including both the HS2 and GWML stations and the Crossrail depot site);
- A programme for any phased installation of infrastructure and development activity over time, aligned with construction (and operation) of HS2 and Crossrail;
- A Business Plan that sets out the corporation's proposed strategy for undertaking the role as a development and delivery body for Old Oak and the process for obtaining any necessary planning consents; and
- A Delivery Plan for the development over time, including the mechanisms for securing design, funding, financing and construction of the various phases of the scheme, including how other public sector and privately owned land will be incorporated into the scheme, using private capital wherever practicable.

Purposes of Major Schedules within the Financial Statements

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

Comprehensive Income and Expenditure Statement

This statement shows both the revenue received and the costs incurred in the year of providing services, in accordance with International Financial Reporting Standards (IFRS).

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'.

Cash Flow Statement

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 and financing activities.

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.

Overview

Comprehensive Income and Expenditure Statement

This statement, as reported in the management accounts, shows neither a surplus nor a deficit as the GLA provided funding to meet expenditure falling within agreed budgets. The Comprehensive Income and Expenditure Statement shows a deficit of

£0.342m due to adjustments to the cost of services for amounts not reported to management. These adjustments relate in the main to pension service costs.

Balance Sheet

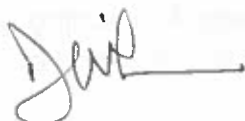
The balance sheet shows a net liability of £0.32m in unusable reserves relating to pensions liabilities.

Cash Flow Statement

The cash flow statement shows an increase in cash balances of £1.155m.

Movement in Reserves Statement

The corporation had no usable reserves as the level of funding from the GLA matched the level of expenditure during the year. This statement shows movements relating to pensions liabilities that give rise to a negative balance on unusable reserves of £0.32m.



Doug Wilson CA
Chief Finance Officer

30 September 2016

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.

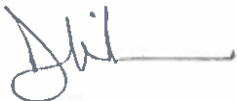
The Chief Finance Officer's responsibilities

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 2016.



Doug Wilson CA
Chief Finance Officer

30 September 2016

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

Opinion on the Corporation's financial statements

We have audited the financial statements of the Old Oak and Park Royal Development Corporation for the year ended 31 March 2016 under the Local Audit and Accountability Act 2014. The Corporation's financial statements comprise the:

- Movement in Reserves Statement;
- Comprehensive Income and Expenditure Statement;
- Balance Sheet;
- Cash Flow Statement; and
- related notes 1 to 14.

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 2015/16.

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

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities set out on page 9, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2015/16, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Corporation's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report and Accounts 2015/16 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Old Oak and Park Royal Development Corporation as at 31 March 2016 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 2015/16.

Opinion on other matters

In our opinion, the information given in the Annual Report and Accounts 2015/16 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

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

We have nothing to report in these respects

Conclusion on the Corporation's arrangements for securing economy, efficiency and effectiveness in the use of resources

Corporation's responsibilities

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

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

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2015, 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 2016.

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.

Conclusion

On the basis of our work, having regard to the guidance issued by the C&AG in November 2015, 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 2016.

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.

Debbie Hanson

Debbie Hanson
for and on behalf of Ernst & Young LLP, Appointed Auditor
London

30th September 2016

Comprehensive Income and Expenditure Statement

For the year ended 31 March 2016

		31 March 2016
	Notes	£000
Gross income	1	(3,766)
Gross expenditure	3	4,093
Net cost of services		327
Financing and investment expenditure	6	7
Deficit on provision of services before tax		334
Corporation tax	7	8
Deficit on the provision of services after tax		342
Other comprehensive income and expenditure:		
Remeasurement of the net defined benefit asset	10	(22)
Total comprehensive income and expenditure		320

Balance Sheet

As at 31 March 2016

		31 March 2016
	Notes	£000
Current assets		
Short term debtors	8	1,478
Cash and cash equivalents		1,155
Total assets		2,633
Current liabilities		
Short term creditors	9	(2,647)
Long term liabilities		
Retirement benefit obligation	10	(306)
Total liabilities		(2,953)
Net liabilities		(320)
Reserves		
Usable reserves	12	0
Unusable reserves	12	320
Total reserves		320

These financial statements replace the unaudited financial statements certified by the Chief Finance Officer on 30 September 2016.

Movement in Reserves Statement

As at 31 March 2016

		General Fund	Total Usable reserves	Total Unusable reserves	Total reserves
	Notes	£000	£000	£000	£000
At 1 April 2015		0	0	0	0
Movement in reserves during 2015-16		0	0	0	0
Deficit on the provision of services	11	342	342	0	342
Other comprehensive income and expenditure	10	0	0	(22)	(22)
Total comprehensive income and expenditure		342	342	(22)	320
Adjustments between accounting and funding basis under regulations		(342)	(342)	342	0
Transfer to reserves			0	0	0
Decrease/(Increase) in 2015-16		0	0	320	320
Balance at 31 March 2016		0	0	320	320

Statement of Cash Flows

For the year ended 31 March 2016

		31 March 2016
	Notes	£000
(Deficit) on the provision of services		(342)
Adjustments to net (deficit) for non-cash movements	11	1,497
Adjustments for items included in the net (deficit) on the provision of services that are investing and financing activities		0
Net cash flows from operating activities		1,155
Investing activities		0
Financing activities		0
Net increase/(decrease) in cash and cash equivalents		1,155
Cash and cash equivalents at the start of the year		0
Cash and cash equivalents at the end of the year		1,155

Accounting Policies

a) Code of practice

The Corporation is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015. These regulations require the financial statements to be prepared in accordance with proper accounting practices. These practices primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2015/16* (the Code), and the *Service Reporting Code of Practice 2015/16*, supported by International Financial Reporting Standards (IFRS) adopted by the European Union and statutory guidance issued under section 12 of the Local Government Act 2003.

The Statement of Accounts summarises the Corporation's transactions for the 2015/16 financial year and its position at 31 March 2016. The Corporation's financial statements have been prepared in accordance with the Code, Service Reporting Code of Practice 2015/16 and IFRS.

b) Basis of accounting

The Accounts are made up to 31 March.

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

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

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

c) Accruals of income and expenditure

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

d) Going concern

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

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.

f) *Cash*

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

g) *Critical judgements on applying accounting policies.*

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

Funding

There is a degree of uncertainty about future levels of funding for the Corporation. 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.

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

The preparation of financial statements in conformity with the Code requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Corporation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are 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. Staff that moved from GLA contracts to the OPDC from September 2015 had their pension assets and liabilities transferred.
Value Added Tax (VAT)	VAT payable on expenditure is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). The OPDC was made a "section 33 body" with effect from 1 April 2016 allowing it to reclaim in full any VAT it incurs after this date relating to any "non-business" activities. VAT paid on expenses prior to this date insofar as it related to any non-business activities was not recoverable and is therefore included as an expense. For the period ending 31 March 2016, this amounted to £156,000. The OPDC does not make any VAT exempt supplies and is not subject to the "partial exemption" rules. However, this could change in the future, particularly if it acquires land.	The OPDC receives a range of services from the GLA on a continuing basis. These commenced on 1 April 2015 on the formation of the OPDC. The GLA will invoice for the services provided in the period up to 31 March 2016 in the next period. It is anticipated that the VAT to be charged by the GLA for the provision of these services will be recoverable in full by the OPDC in the next period. In the unlikely event the VAT of £248,126 is not recoverable, it will be included as an expense in the next period.

i) Events after Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

Adjusting events

Those events that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

Non-adjusting events

Those events that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such items but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and either their estimated financial effect or a statement that such an estimate cannot be made reliably.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

It should be noted that the Corporation was unable to recover and claim VAT in 2015/16 due to the Corporation not having Section 33 VAT status. Confirmation has been received from Government that the Corporation has Section 33 VAT status commencing from 1 April 2016 and therefore will be able to claim VAT paid on supplies.

j) Revenue recognition

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

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

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

k) Segmental reporting

In accordance with the Code, the Corporation's operating segments have been determined by identifying the segments whose operating results are reviewed by the Board, when making decisions regarding the allocation of resources and for the assessment of performance.

The operating segments of the Corporation and their principal activities are as follows:

Strategy and Programmes

The areas of work for this Directorate include land strategy, socio-economic regeneration, Park Royal, health, communications and engagement, infrastructure, master-planning and delivery programmes. This includes updating of the OPDC website, drafting of the Community Charter and embedding health and well-being into all of OPDC's activities. The team has provided the OPDC presence at key profile-raising events including the London Real Estate Forum, MIPIM UK and The London Property Summit, leading to the development of many useful contacts as well as participating in many local and regional, resident and business led events related to Old Oak and Park Royal, thereby informing the OPDC's strategies.

A Growth Strategy for Old Oak and Park Royal is being developed, setting out the key infrastructure requirements, funding and financing avenues, and asks from Government to support the development and creation of jobs and homes in the area.

A comprehensive Park Royal Business Plan is being developed to set out a framework for future investment priorities for Park Royal.

Programme Management Advisors have been appointed and joined the team in January 2016 to work with the OPDC to deliver a programme management office that supports the Corporation in delivering on its programme of work effectively and within compliance guidelines.

Planning

The work the Planning Directorate does includes Local Plan production and consultation, and work on the Community Infrastructure Levy (CIL) charging mechanism. As a Local Planning Authority, the OPDC has statutory powers to consider planning applications within statutory timescales. The Planning Committee has been set up to undertake these functions. A number of Local Plan studies are also being carried out by this Directorate, and an Article 4 direction is currently being consulted on to provide protection to businesses in Park Royal.

Corporate Operations

This Directorate was set up to implement the OPDC's business infrastructure to mitigate any risks to performance and manage compliance issues, human resources and finance. This team is also responsible for managing the shared services agreements between the respective services: the Greater London Authority (GLA), Mayor's Office for Policing and Crime (MOPAC) and Transport for London (TfL).

l) Government grants

The only grant OPDC receives at present is from the Greater London Authority (GLA) which has no conditions and is not a specific grant. Funding by the GLA is provided to OPDC to match their revenue (running) costs and spend profile, therefore the OPDC does not hold significant grant surpluses.

m) Corporation and chargeable gains taxation

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

Deferred tax is provided in full using the balance sheet liability method for all taxable amounts, temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured using currently enacted or substantially enacted tax rates.

n) Value Added Tax (VAT)

Income is reported net of any VAT that may have been charged. Expenditure includes any irrecoverable VAT.

o) Employee benefits

Benefits Payable during Employment

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

Termination Benefits

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

Post-Employment Benefits

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

The Local Government Pension Scheme

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

- The liabilities of the LPFA pension scheme attributable to the Corporation are included in the balance sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 3.5%. The chosen discount rate is the annualised yield at the 25 year point on the Merrill Lynch AA-rated corporate bond yield curve.
- 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 (the Corporation's pension liability for employees started from 2015/16 so there are no past service costs);
 - any gain or loss on settlement of a defined benefit plan when the settlement occurs; and
 - interest on the net defined benefit liability, i.e. net interest expense for the Corporation – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period, taking into account any changes

in the net defined benefit liability during the period as a result of contribution and benefit payments.

- Re-measurements comprising:
 - the return on plan assets, excluding amounts included in the interest on the net defined benefit liability, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - actuarial gains and losses, changes in the net pensions liability that arise because events have not coincided with the assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - 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.

p) Reserves

Reserves consist of two elements, usable and unusable.

Usable reserves are those that can be applied to fund expenditure. They are made up of the general fund, earmarked reserves and the capital grants unapplied account.

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

q) Trade and other receivables

The corporation received Planning application income in 2015/16 and there are no year-end trade receivables relating to this as income is received in advance. The Corporation received GLA grant funding which is recognised as and when the grant is due to be paid to the Corporation. The other incomes received were contributions towards planning studies and consultation work.

r) Trade and other creditors

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

Notes to the Statement of Accounts

1. Gross income

Gross income recognised in the Comprehensive Income and Expenditure Statement is analysed as follows:

	31 March 2016
	£000
GLA Grant	(3,492)
Planning Application fees	(234)
Other	(40)
Total	(3,766)

2. Segmental analysis

The management reports are presented on a segmental basis as shown below. The income and expenditure of the Corporation's Directorates recorded in the budget monitoring reports for the year is as follows:

31 March 2016	Strategy & Programme	Planning	Corporate Operations	Grand Total
	£000	£000	£000	£000
Income	(17)	(246)	(3,339)	(3,602)
Expenditure	1,310	1,239	1,053	3,602
Net Expenditure	1,293	993	(2,286)	0

The reconciliation of net operating expenditure per the segmental analysis to the net cost of services in the Comprehensive Income and Expenditure Statement for the years ended 31 March 2016 is as follows:

Reconciliation of Corporation's Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement	
	31 March 2016
	£000
Net expenditure in the Directorate Analysis	0
Amounts in the CIES not reported in management accounts	342
Amounts included in management accounts but not included in the CIES	0
Cost of Services in the CIES	342

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

The reconciliation of segmental analysis to subjective analysis in the Comprehensive Income and Expenditure Statement for the year ended 31 March 2016 is set out below:

31 March 2016

	Directorate Analysis	Amounts not reported to management for decision making	Amounts not included in I&E Cost of Services	Cost of Services	Corporate Amounts	Surplus or deficit on the provision of services
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(220)			(220)		(220)
Grants and Contributions	(3,382)	(164)		(3,546)		(3,546)
Total Income	(3,602)	(164)		(3,766)		(3,766)
Employee expenses	1,553	336		1,889		1,889
Other expenses	2,049			2,049		2,049
Net interest on the net defined liability		6		6		6
Irrecoverable VAT		156		156		156
Corporation Tax		8		8		8
Total Expenditure	3,602	506		4,108		4,108
Deficit on the provision of services	0	342	0	342	0	342

3. Gross expenditure

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

	31 March 2016 £000
Staff Costs	
Salaries - Basic Pay	429
National Insurance	40
Pension	38
Agency Staff	137
Seconded	821
Other Staff costs	57
Pension costs	322
Annual leave accrued	14
Recruitment	59
Travel and Subsistence	25
IT Equipment	52
Marketing, Communications and Events	246
Consultancy and Professional Fees	1,123
Shared Services	331
Irrecoverable VAT	156
Accommodation	44
Planning Fees	107
Legal Fees	17
Audit Fees	15
Other	60
Gross Expenditure	4,093

Note that the above includes irrecoverable VAT costs that the OPDC were unable to claim from HMRC in 2015/16 as the Corporation did not have Section 33 VAT status.

4. External audit fees

External audit fees are made up as follows:

	31 March 2016
	£000
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor	15
Total	15

5. Remuneration

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. Senior employees are included in the table below; 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.

a) *Employees' remuneration*

	31 March 2016
Remuneration Band	Number of Employees
£	
50,000 - 54,999	2
70,000 - 74,999	1
105,000 - 109,999	1
	4

The above includes staff that transferred from the GLA to the OPDC during 2015/16
Only includes permanent OPDC staff (excludes seconded staff, agency and contractors)
The table only shows bands where there were staff being paid under that remuneration band

The table above includes the Chief Executive Officer's basic salary remuneration of £105,893 (including allowances of £9,443). In addition, the total employer pension contributions for the Chief Executive Officer amounted to £12,707.

b) Members' remuneration

31 March 2016

Name	Title	Salary (inc fees and allowances) £000	Expenses £000	Pension Contribution £000	Total remuneration including pension contribution £000
Gordon Adams	Planning Committee Member	2		0	2
Stephen Cowan	Board Member	14		1	15
Rahul Gokhale	Board Member	14		1	15
	Board and Planning Committee Member				
Wesley Harcourt	Member	0			0
Colin Haylock	Planning Committee Member	3	1		4
Debra Humphris*	Board Member	8		1	9
Amanda Souter	Board Member	14		1	15
	Board and Planning Committee Member				
William McKee	Member	18	1	1	20
Jordan Nash *	Board Member	6		0	6
Eric Sorensen	Board Member	16		1	17

* Debra Humphris left at the end of October 2015 and was replaced by Jordan Nash.

c) Termination payments

The Code requires the separate disclosure of the number and cost of compulsory and voluntary severance termination packages agreed during the year. No members have left under compulsory severance terms during the year. One member left the Corporation, under the Corporation's voluntary severance terms, by choosing to accept the Corporation's voluntary severance terms, which were set out in a compromise agreement signed by the employee on termination of their appointment. The total cost of this one termination in year was £20,382.

6. Financing and investment expenditure

	31 March 2016 £000
Net interest on the net defined benefit liability	6
Other bank charges	1
Total	7

7. Corporation tax

	31 March 2016 £000
Income chargeable to corporation tax	(3,691)
Expenditure that can be offset against chargeable income	3,653
Profits chargeable to corporation tax	38
Corporation tax at 20%	8

Provision to meet the Corporation's corporation tax liability has been made at 20%.

As at 31 March 2016, the Corporation had a potential deferred tax asset of £72,000 (£64,000 due to the pension scheme liability and £8,000 due to capital allowances). No deferred tax assets have been recognised in view of the uncertainty of future taxable profits.

8. Short term debtors

	31 March 2016
	£000
Local authorities & Functional Bodies	1,422
Other entities and individuals	56
Total	1,478

The Corporation has entered into a grant agreement with the Greater London Authority to finance the Corporation's expenditure. As at 31 March 2016, the Corporation had drawn down grant funding to the value of £2.070m with £1.355m owed to the Corporation by the GLA.

9. Current liabilities

	31 March 2016
	£000
Central government bodies	(30)
Local authorities & Functional Bodies	(1,715)
Other entities and individuals	(902)
Total	(2,647)

10. Pensions

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

Local Government Pension Scheme

The Corporation provides the opportunity for its employees to participate in the Local Government Pension Scheme. The LGPS is administered by the London Pensions Fund Authority (LPFA) and is a defined benefit statutory scheme where the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The LGPS is triennially valued in accordance with the provisions of the Local Government Pension Scheme Regulations (2013). The fund's actuaries, Barnett Waddingham, carried out a full triennial valuation as at 31 March 2014, and the value of the liabilities as at this date has been rolled forward. Employers' and employees' contributions to the Scheme were determined by the actuary following this valuation. Under pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund. The employers' contribution rate for 2015/16 was 12%. Members pay contributions at rates correlating to pensionable salary bands. A surplus or deficit on the account would lead to an adjustment to the contribution rates, which are reviewed every three years.

LPFA recognised that there were employer contributions of £0.036m due in 2015/2016 (from 1 September 2015 when contributions by OPDC commenced to 31 March 2016); although the total actual payment was £0.038m (this difference of £0.02m will be accounted for in 2016/17). The reason for the difference is that there were 2 new employees who joined the pension scheme in March 2016 that were unaccounted for in the LPFA actuarial report. There were 18 active members as at 31 March 2016.

Principal assumptions used by the actuary

	31 March 2016	01 April 2015
Life expectancy from age 65 Years	Years	Years
Retiring today		
Males	22.5	22.4
Females	25.4	25.3
Retiring in 20 years		
Males	24.9	24.8
Females	27.7	27.5
Financial assumptions	31 March 2016	01 September 2015*
	% per annum	% per annum
Rate of inflation (Retail Price Index)	3.4	3.6
Consumer Price Index	2.5	2.7
Rate of increase in salaries	4.3	4.5
Rate of increase in pensions	2.5	2.7
Rate for discounting scheme liabilities	3.9	4.0

*The assumptions used to measure events in the accounting period from 1 April 2015 to 31 March 2016 are based upon market conditions at 1 September 2015, which was the date of the transfer from GLA (i.e. there was nothing to measure prior to this date and so we consider the assumptions at the transfer date to be appropriate).

The term of the employer's liabilities is estimated at 38 years.

Amounts charged to the Comprehensive Income and Expenditure Statement

	31 March 2016
	£000
Service cost	358
Total included in net cost of services	358
Net Interest on the defined liability	6
Total included in deficit on provision of services before tax	6
Remeasurement of the net defined benefit asset	(22)
Total	342

Reconciliation of present value of the defined benefit obligation

	31 March 2016
	£000
Opening defined benefit obligation	0
Current service cost	(57)
Interest cost	(14)
Change in financial assumptions	25
Liabilities extinguished/(assumed) on settlements	(607)
Contribution by Scheme participants	(28)
Closing defined benefit obligation	(681)

Reconciliation of fair value of Fund assets

	31 March 2016
	£000
Opening fair value of Fund Assets	0
Interest on assets	8
Return on assets less interest	(3)
Contribution by employer including unfunded	36
Contribution by Scheme participants	28
Settlement prices received/(paid)	306
Closing Fair Value of Fund assets	375

The total return on the fund assets for the year to 31 March 2016 is £5,000.

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 2016
	£000
Present value of the defined benefit obligation	(681)
Fair Value of Fund assets	375
Net liability arising from defined benefit obligation	(306)

Local Government Pension Scheme assets comprised:

31 March 2016		
	£000	%
Employer asset share - bid value		
Equities	174	46
LDI/Cashflow matching	38	10
Target Return Portfolio	80	21
Infrastructure	21	6
Commodities	2	1
Property	13	3
Cash	47	13
Total	375	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.

	£000	£000	£000
Adjustment to discount rate	0.1%	0.0%	-0.1%
Present value of total obligation	657	681	706
Projected service cost	120	124	129
Adjustment to long term salary increase	0.1%	0.0%	-0.1%
Present value of total obligation	687	681	675
Projected service cost	124	124	124
Adjustment to pension increases and deferred revaluation	0.1%	0.0%	-0.1%
Present value of total obligation	700	681	662
Projected service cost	129	124	120
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	698	681	664
Projected service cost	127	124	121

Impact on the Corporation's cash flows

The total contributions expected to be made to the Local Government Pension Scheme by the Corporation in the year to 31 March 2017 are £79,000.

11. Cash flow note

Adjustments to net deficit for non-cash movements

	31 March 2016
	£000
Increase in Creditors	2,633
(Increase) in Debtors	(1,478)
Movement in Pension Liability	342
Adjustment to net deficit for non-cash movement	1,497

The cash flows from operating activities includes nil interest received for the year ending 31 March 2016.

12. Reserves

Usable reserves

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

Unusable reserves

	31 March 2016
	£000
Pension reserve	306
Accumulated Absence Account	14
Balance unusable reserves at 31 March 2016	320

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 in the benefits earned by past and current employees and the resources that the Corporation has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

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

Further breakdown within pension reserves is shown below.

	31 March 2016
	£000
Balance as at April 2015	0
Remeasurment of the net defined benefit liability/(asset)	(22)
Reversal of charges relating to retirement benefits	364
Employers pension contribution to pensioners payable in the year	(36)
Balance of unusable reserves as at 31 March 2016	306

13. Adjustments between accounting basis and funding under regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Corporation in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Corporation to meet revenue expenditure.

31 March 2016	Movement in General Fund and total Usable Reserves £000	Movement in Unusable Reserves £000
Adjustments involving the Pension Reserve		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(364)	364
Employer's pensions contributions and direct payments to pensioners payable in year	36	(36)
Adjustment primarily involving the Accumulated Absence Account		
Amounts by which officer remuneration charged to Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year accordance with statutory requirements	(14)	14
Adjustment to net deficit for non-cash movement	(342)	342

14. Related party transactions

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

The related parties to the Corporation are:

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

Central government and other public bodies – Income and Expenditure

All relationships were as delivery partners to the Corporation and significant transactions for the years ended 31 March 2015 were as follows:

	31 March 2016 £000
Income	
Greater London Authority ¹	(3,425)
Expenditure	
Greater London Authority ¹	1,271
London Borough of Ealing	95
Transport for London	301

¹ The Chair of the OPDC Board during the reporting period, Sir Edward Lister, was the GLA's Chief of Staff and Deputy Mayor for Planning and Policy. Board member and Chair of Audit Committee during the reporting period, Matthew Pencharz, was the GLA's Deputy Mayor for Environment and Energy.

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 2015/16 is shown in note 5.

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 2015/16 under the related party transactions declaration.

Annual Governance Statement

Scope of responsibility

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

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

The Mayor is also able to direct the Development Corporation in the exercise of its functions, and to delegate functions to it. He has given the following delegations, consents and directions:

- In March 2016, the Mayor approved a general consent for the Development Corporation to give financial assistance by way of a grant with a total lifetime cost up to £150,000 in line with Section 213 and 221 of the Localism Act 2011 and gave automatic consent to grants funded by section 106 agreements, or grants paid from the Community Infrastructure Levy collected by the Development Corporation for projects or types of infrastructure contained in the regulation 123 list to be published by the Development Corporation.

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

The purpose of the governance framework

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

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

and potential impact of those risks being realised, and to mitigate and manage them efficiently, effectively and economically.

The governance framework has been in place at the Development Corporation for the year ended 31 March 2016 and up to the date of approval of the Statement of Accounts.

The governance framework

Board and committees

The Development Corporation's Board and committees operate within the governance and openness framework prescribed by the Local Government Act 1972. During the year ended 31 March 2016 the Development Corporation's committee structure was as follows:

- **Audit Committee**

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

- **Appointments and Remuneration Committee**

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

- **Planning Committee**

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

Committee members must be members of the Development Corporation's Board, except where the Mayor of London has approved the appointment of additional members. He has done so in relation to the Planning Committee, which is comprised of one Board member, three elected members from the boroughs, and three independent members appointed following advertisement.

Vision and performance

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

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

Standing orders, delegations and code of conduct

Key governance documents for the Development Corporation comprise:

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

These documents have all been in place throughout 2015/16. Changes to the Scheme of Delegation were approved in November 2015 to reflect changes to committee terms of reference and changes to officers' financial delegations. The standing orders and financial regulations were updated accordingly.

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

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

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

Risk management, fraud and corruption

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

Risks and issues are managed at various different levels across the organisation: risks and issues within a project are managed by project managers; risks and issues within a directorate are managed by the relevant executive director or director; and

corporate risks are owned by the Senior Management Team. Risks are managed through the Development Corporation's programme and project management reporting system.

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

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

The Development Corporation undertakes quantified risk assessments on its corporate level risks and on major project risks to inform contingency management. It is also in the process of developing a risk appetite statement.

Management of change

Financial and legal controls compliance

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

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

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

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

Audit Committee and internal audit

The Audit Committee helps to raise the profile of internal control and risk management within the Development Corporation through considering a standing item on internal control and risk management at each meeting and reporting back to the Development Corporation's Board. It raises the profile of financial reporting issues within the organisation through a report at every meeting from the Executive Director of Finance and Corporate Services, which reports on key activities including those relating to finance and governance, and reporting back to the Development Corporation's Board. The Audit Committee also helps to raise the profile of internal control, risk management and financial reporting by requesting information on individual areas of concern and asking the internal auditors to review particular areas of risk. Audit Committee meetings are held in public and the papers are made available on the Development Corporation's website which helps to enhance public trust in the Corporation's financial governance.

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

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

During 2015/16 internal audit undertook work to advise the OPDC on development of an effective risk management framework to ensure key strategic risks were properly identified and managed. This supported the development of the risk-based internal audit plan for 2016/17 which will provide assurance over the Development Corporation's objectives. Internal audit has also attended the OPDC's Audit Committee and had regular meetings with the External Auditors.

In my opinion, the Development Corporation has put in place effective internal arrangements that will provide assurance over the adequacy of the Corporation's governance and effective systems of internal controls to meet its objectives.

Greater London Authority (GLA) Corporate Governance

The Development Corporation is a functional body of the GLA and complies with its annual budgeting process, engages with the London Assembly and its committees as required and also fulfils the requirements of any Mayoral directions given. There is also an on-going dialogue with the Mayor's office to ensure that the activities of the Development Corporation are aligned with the Mayor's general policy framework. The Development Corporation also complies with the requirements of the GLA Group Corporate Governance Framework Agreement relating to codes of conduct, complaints procedures and the registration and declaration of interests, gifts and hospitality.

Whistleblowing and complaints

The Development Corporation's Whistleblowing Policy is on its website, available for all staff setting out how employees can report concerns.

Meeting development needs of members and senior staff

The Development Corporation's people development processes are incorporated into its performance management framework for staff. Board members are offered tailored induction meetings, and specialist induction was provided to Planning Committee members. Staff training has addressed corporate governance and approval issues through presentations at team meetings across the organisation.

Community engagement and partnership

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

During the course of the financial year, the Development Corporation has progressed the development of the Local Plan and the Community Infrastructure Levy (CIL). The Local Plan has been through the first formal stage of public consultation in addition to less formal meetings, public meetings and workshops. Public consultation on the Draft CIL Charging Schedule is planned to take place during summer 2016

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

Governance review

The Development Corporation's governance arrangements will be reviewed during June/July 2016 as part of an overall review of the strategic direction of the MDC. This review was commissioned by the Mayor in June 2016 and will examine the nature of the potential land deal, the level of infrastructure investment needed and the level of affordable housing achievable.

Significant governance issues

Significant governance challenges for the Development Corporation in the year ahead are set out below together with the proposed management response:

Issue	Proposed response
The need to determine a finance and funding strategy for the regeneration of the area.	Work will take place over the next two years to develop this including considering public and private sources of finance, joint ventures, land value capture and tax increment financing.
The need to ensure that there is effective stakeholder engagement at all levels.	This is a priority objective for the Board and Executive Management Team.

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

The Board and Committees

Board

During the year, the Board was comprised of the following Members and Observers:

Members

- Sir Edward Lister (Chair) – Chief of Staff and Deputy Mayor, Policy & Planning, Greater London Authority
- Councillor Julian Bell – Leader of Ealing Council
- David Biggs – Managing Director, Network Rail
- Councillor Muhammed Butt – Leader of Brent Council
- Councillor Stephen Cowan – Leader of Hammersmith & Fulham Council
- Rahul Gokhale – Chair, Park Royal Business Group
- Professor Jordan Nash – Imperial College London (replaced Professor Debra Humphris in November 2015)

- Simon Kirby – Chief Executive, High Speed 2
- William McKee – Chair, Outer London Commission
- Matthew Pencharz – Deputy Mayor, Environment & Energy, Greater London Authority
- David Prout – Director General High Speed 2, Department for Transport
- Eric Sorensen – Former Chief Executive, London Docklands Development Corporation and the Millennium Commission
- Simon Ridley – Director General, Decentralisation & Growth, Department for Communities & Local Government
- Amanda Souter – Chair, Wells Road Residents Association

In May 2016, Sir Edward Lister and Matthew Pencharz resigned from the Board.

Observers

Representatives from the Greater London Authority, Transport for London, Department for Transport and the London boroughs of Brent, Ealing and Hammersmith & Fulham are observers to the Board.

Appointments & Remuneration Committee

- Eric Sorensen (Chair)
- Councillor Muhammed Butt
- Professor Jordan Nash (replaced Professor Debra Humphris in November 2015)

Audit Committee

- Matthew Pencharz (Chair) (resigned May 2016)
- David Biggs
- Eric Sorensen

Planning Committee

- William McKee (Chair)
- Gordon Adams – Head of Planning, Battersea Power Station Development Corporation
- Councillor Wesley Harcourt – Cabinet Member for Environment, Transport & Residential Services, Hammersmith & Fulham Council
- Colin Haylock – Architect-Planner
- Councillor Sarah-Louise Marquis – Chair of Brent Council Planning Committee
- Stuart Robinson – Chair of UK Planning, CBRE
- Councillor Hitesh Tailor – Cabinet Member for Health & Adult Services, Ealing Council


 Doug Wilson CA
 Chief Finance Officer
 30 September 2016

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.

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.

Income

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

International Financial Reporting Standard

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

Liabilities

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

Non-cash

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

Provisions

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

Related parties

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

- 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.

Service Reporting Code of Practice (SeRCOP)

Prepared and published by CIPFA, the Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice (BVACOP). It is reviewed annually to ensure that it develops in line with the needs of modern local government, transparency, best value and public services reform. SeRCOP establishes proper practices with regard to consistent financial reporting for services and in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

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.

