

OPDC
OLD OAK AND
PARK ROYAL
DEVELOPMENT
CORPORATION

Annual Report & Accounts

1 April 2016 to 31 March 2017

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Chairman's Foreword

This annual report is published at a significant juncture in the transformation of Old Oak and Park Royal, with the election of a new Mayor for London in May 2016 and my appointment as Chairman of OPDC in April 2017.

As Chairman of the Board, with responsibility for the governance of the OPDC, we've had a productive year. With a number of parties involved in the project, including three local authorities, a number of transport providers, High Speed 2, Crossrail, TfL, Network Rail, London Overground – and lots of different people with different interests and objectives - my focus is on the vision, the strategy, the high-level interaction and promoting this massive regeneration opportunity to Government which will create a thriving new quarter for London.

Over the coming year, we will continue to work on our plans to create a vibrant new area of West London with capacity for 25,500 new homes and 65,000 new jobs in one of London's largest brownfield sites.

I am grateful to my fellow board members for their help and support, as well as the Chief Executive Officer and her team at Old Oak and Park Royal for their hard work in delivering a busy and challenging programme of activity.

As a Mayoral Development Corporation, we will continue to work closely with the Mayor to support his commitments and his vision for London to create a City for all Londoners.

A handwritten signature in black ink, appearing to read 'Liz Peace', with a long horizontal flourish extending to the right.

Liz Peace
Chairman
28 September 2017

Chief Executive Officer's Statement

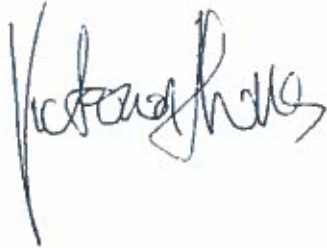
During the second year of operation, Old Oak and Park Royal Development Corporation (OPDC) continued to make steady progress towards securing the benefits of the regeneration and development of London's largest Opportunity Area. My team have been actively working with the Mayor of London and his team since the election in May 2016 to ensure that we align our plans with the priorities set out in his manifesto.

The organisation has continued to work with and utilise resources from across the GLA Family, de-risk the opportunity to provide thousands of new homes and jobs by providing a strong planning framework. We have commenced work on a Masterplan that will set out the blue print for driving forward some early delivery of homes and improvements to Park Royal. With Royal Assent of the HS2 Bill now secured, our Local Plan second stage consultation concluded, a new neighbourhood area designated and the award of £1.5million funding from Arts Council England and Heritage Lottery Fund's Great Place Scheme to support the ambitious and community-focused project Made in Park Royal, 2017/18 s going to be a big year for Old Oak and Park Royal.

The appointment of Liz Peace CBE as Chairman of OPDC in April 2017 has further strengthened the organisation as we move forward to implement the recommendations of the Greater London Authority's review of the strategic direction and work programme of the OPDC, commissioned by the Mayor of London in June 2016. The ground-breaking of our first major scheme in September 2017 is an important milestone in demonstrating the ability of OPDC to drive forward delivery of affordable homes for Londoners, and with a pipeline of thousands of homes in planning discussions underway, I'm confident that OPDC will continue to make early progress. Our focus now turns to how best to fund the significant future infrastructure requirements, and how best to bring forward the vast swathes of publicly owned land at Old Oak and Park Royal to support the comprehensive regeneration of the Opportunity Area.

Chief Executive Officer's Statement (continued)

We concluded our second year of operation in a sound financial position, with the groundwork laid for the redevelopment of the area, which has the potential to deliver 24,000 new homes and 55,000 jobs in Old Oak and 1,500 new homes and 10,000 jobs on the adjoining Park Royal industrial estate.

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

Victoria Hills
Chief Executive Officer
28 September 2017

Narrative Report

The narrative report is a statement of the Corporation's financial performance and demonstration of value for money in the use of its resources over the financial year. The Corporation's annual statement of accounts has been prepared in accordance with the 2016/17 Code of Practice on Local Authority Accounting and International Financial Reporting Standards. All local authorities in England are required to provide a narrative report with the Statement of Accounts under the Accounts and Audit Regulations.

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

1. Purpose of Major Schedules within the Financial Statements

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

Comprehensive Income and Expenditure Statement

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

Balance Sheet

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

Movement in Reserves Statement

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

Narrative Report (continued)

Statement of Cash Flows

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

2. Overview

Comprehensive Income and Expenditure Statement

Income and expenditure, as reported in the management accounts, shows neither a surplus nor a deficit as the GLA granted funding to meet expenditure, which fell within agreed budgets. The Comprehensive Income and Expenditure Statement shows a deficit of £0.058m due to adjustments to the cost of services for amounts not reported to management. These adjustments relate in the main to pension service costs (£0.056m) and accumulating absences (£0.002m).

Balance Sheet

The balance sheet shows a net liability of £0.542m in unusable reserves relating to pensions liabilities.

Cash Flow Statement

The cash flow statement shows a decrease in cash balances by £1.084m to £0.071m.

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 £0.542m.

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

Narrative Report (continued)

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 Line and London Overground.



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

Narrative Report (continued)

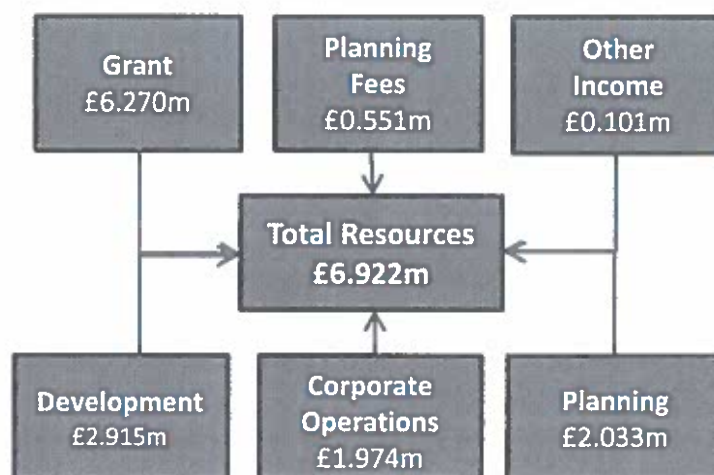
In June 2016, the Mayor of London commissioned the Greater London Authority to undertake a review of the strategic direction and work programme of the OPDC. This was in the context of the Mayor recognising the importance of the regeneration project to London and aimed to assess the strategic direction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

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

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

5. 2016/17 Financial Summary

The financial performance of the Corporation is regularly monitored and reviewed throughout the year to assess financial stewardship, with strong financial management and control being a cornerstone of management practices, contributing to the effectiveness and efficiency of programme and service delivery across the organisation.



Of the approved Budget of £11.4m in 2016/17, there was net expenditure of £6.3m funded from GLA grant income, resulting in an underspend of £5.1m.

Narrative Report (continued)

The underspend has primarily arisen from:

- Temporary deferral of programmed activity during the year pending the outcome of the Mayor's review of the Corporation's strategic direction and a reduction in the scope of activity further to the Mayoral review;
- Delays in recruiting staff to posts due to lengthened pause in activities;
- Technical and commercial feasibility on Over-Station Development planned by OPDC, being undertaken by HS2 instead as they consider taking forward development on their own account;
- Release of corporate contingency;
- Deferral of awarding the Masterplan contract until after the appointment of the OPDC Chair, in the new financial year;
- Slippage in the completion of Planning and Transport studies.

6. Corporation's Performance

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

- An Annual Report, setting out OPDC's achievements;
- A Business Plan incorporating the OPDC's higher level milestones and delivery targets;
- An Operational Work Plan setting out a programme of work over the next three years;
- A Budget;
- Internal governance and performance management systems designed to manage and quality-assure delivery.

The organisation reports on a suite of performance indicators monthly, which includes reviewing financial performance, the staffing establishment, sickness absence and the housing planning pipeline. The Corporate Performance Dashboard for 2016/17 can be found on the following page;

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

Narrative Report (continued)

7. Achievements 2016/17

Some of the key achievements over the last year include:

Planning

- Community Infrastructure Levy Consultation completed;
- OPDC Article 4 Direction Consultation completed;
- Oaklands development granted planning permission;
- North Kensington Gate (north) granted planning permission, with an application for the North Kensington Gate (south) development to follow in the new financial year;

Development

- The Invitation to Tender for the Masterplanning team was issued in October 2016 to seven shortlisted teams with their proposals being submitted to the organisation in December. An evaluation panel, which included representatives from the boroughs, GLA and OPDC extensively reviewed the proposals, with a recommendation on the appointment of a successful bidder made in early 2017/18;
- HS2 received Royal Assent in February 2017, allowing the first phase of construction to commence;

Park Royal

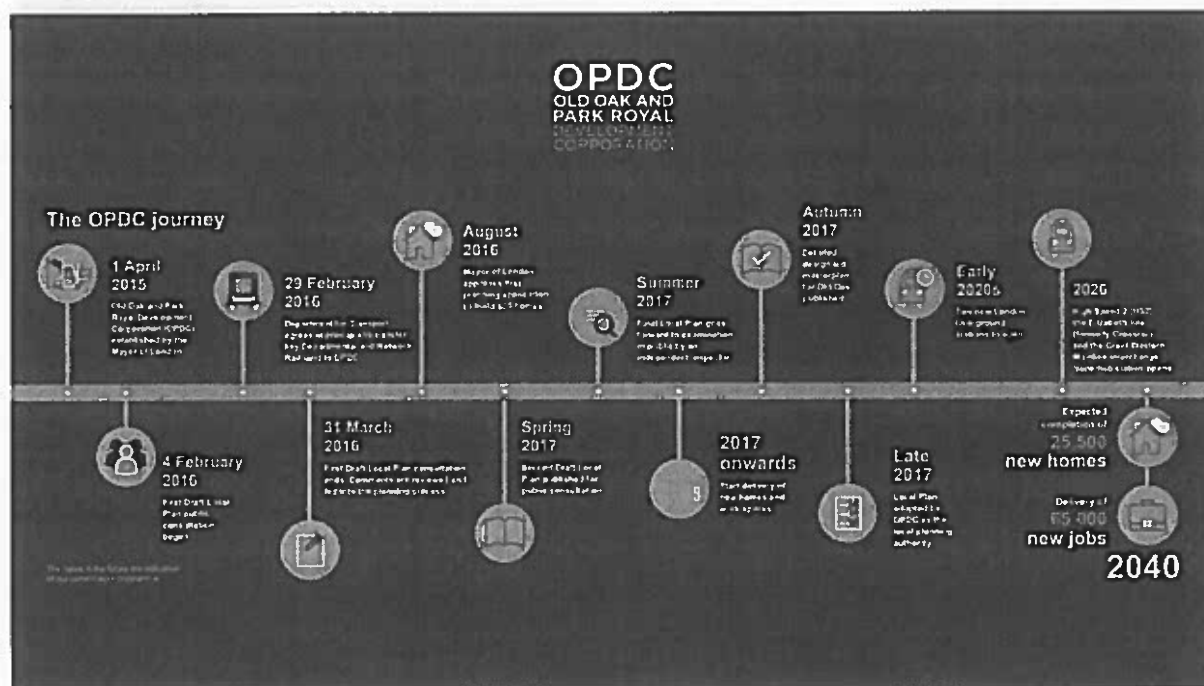
- Old Oak and Park Royal was awarded a grant of £1.5m from the Heritage Lottery Fund and Arts Council England Great Place Scheme, in March 2017, towards the "Made in Park Royal" project, as part of a three-year programme commencing in 2017/18 to ensure that art, culture and heritage are at the heart of the major developments planned for the area.

Governance

- The Mayor announced plans to appoint Liz Peace CBE as Chair of OPDC and this appointment was confirmed by the London Assembly in April 2017;
- Establishment of OPDC Programme Board, Delivery Steering Group and Programme Assurance Office (PAO) to strengthen governance arrangements;
- Following the conclusion of the review of the strategic direction and work programme of OPDC in November 2016, commissioned by the Mayor of London in June 2016, OPDC published a response and action plan to address the recommendations in March 2017.

Narrative Report (continued)

8. 2017/18 – Spring 2017 to Late 2017



Upcoming priorities for the year ahead include:

- A masterplan showing proposed land uses and associated social and economic infrastructure requirements for the whole of Old Oak Common, setting out how the OPDC vision for new homes and jobs can be delivered across the various sites (including the HS2, Crossrail and Great Western Mainline 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
- The second stage of public consultation on the draft Local Plan (Regulation 19) Draft Local Plan Regulation 19 in late Spring

9. Corporate Risks

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

Narrative Report (continued)

Risk area	Severity
<p>Funding and Finance Insufficient financing/funding for Old Oak's development and infrastructure – due to a lack of external funding, revenue capture mechanisms, limited commercial viability and market fluctuations over a long development horizon.</p>	RED
<p>Staffing capacity Insufficient, inappropriate, or insufficiently rewarded staffing resource - and/or a deterioration in employee relations –leads to inability to proceed with work programme and deliver the appropriate quality of outputs and outcomes required – and reputational damage.</p>	RED
<p>Affordable Housing Delivery of affordable housing is not successfully balanced with the delivery of social infrastructure, e.g. schools and Schemes are not brought forward with sufficient affordable housing to meet Mayoral expectations.</p>	RED
<p>HS2 Station DfT does not instruct HS2 to incorporate consideration of the OPDC Local Plan policies into its basis of design and the station resulting in insufficient revenue generation and affecting the quality and sustainability of development.</p>	RED

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

<https://www.london.gov.uk/moderngovopdc/documents/s57266/Item%2011%20-%20Appendix%20A%20-%20Corporate%20Risk%20Register.pdf>



Doug Wilson CA
 Chief Finance Officer
 28 September 2017

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 2017.



Doug Wilson CA
Chief Finance Officer
28 September 2017

INDEPENDENT AUDITOR'S REPORT THE MEMBERS OF OLD OAK & PARK ROYAL DEVELOPMENT CORPORATION

Opinion on the Old Oak & Park Royal Development Corporation financial statements

We have audited the financial statements of Old Oak & Park Royal Development Corporation for the year ended 31 March 2017 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Comprehensive Income and Expenditure Statement;
- Balance Sheet;
- Movement in Reserves Statement;
- Statement of Cash Flows; and
- Related notes 1 to 12.

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 2016/17.

This report is made solely to the Members of Old Oak & Park Royal Development Corporation 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 Audit Committee and its Members, 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 Responsibility for the Accounts set out on page 15, 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 2016/17, 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 Old Oak & Park Royal Development 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 1 April 2016 to 31 March 2017 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 & Park Royal Development Corporation as at 31 March 2017 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 2016/17.

Opinion on other matters

In our opinion, the information given in the Annual Report and Accounts 1 April 2016 to 31 March 2017 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 entity;
- 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 Old & Park Royal Development Corporation's arrangements for securing economy, efficiency and effectiveness in the use of resources

Old Oak & Park Royal Development 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 Old Oak & Park Royal Development 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 Old Oak & Park Royal Development 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 Controller and Auditor General (C&AG) in November 2016, as to whether Old Oak & 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 Controller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Old Oak & 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 2017.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Old Oak & 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 2016, we are satisfied that, in all significant respects, old Oak & 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 2017.

Certificate

We certify that we have completed the audit of the accounts of Old Oak & 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 (senior statutory auditor)
for and on behalf of Ernst & Young LLP, Appointed Auditor
Luton
29 September 2017

The maintenance and integrity of the Old Oak & Park Royal Development Corporation's web site is the responsibility of the directors; 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 2017

	31 March 2017		31 March 2016
	Notes	£000	£000
Gross income	2	(6,922)	(3,766)
Gross expenditure	2	6,974	4,093
Net cost of services		52	327
Financing and investment expenditure	5	8	7
(Surplus) or deficit on provision of services		60	334
Corporation tax	6	(2)	8
(Surplus) or deficit on the provision of services after tax		58	342
Remeasurement of the net defined pension benefit liability/asset	9	164	(22)
Total comprehensive income and expenditure		222	320

Balance Sheet

As at 31 March 2017

	31 March 2017		31 March 2016
	Notes	£000	£000
Current assets			
Short term debtors	7	1,454	1,478
Cash and cash equivalents		71	1,155
Total assets		1,525	2,633
Current liabilities			
Short term creditors	8	(1,541)	(2,647)
Long term liabilities			
Retirement benefit obligation	9	(526)	(306)
Total liabilities		(2,067)	(2,953)
Net liabilities		(542)	(320)
Reserves			
Unusable reserves	11	542	320
Total reserves		542	320

The unaudited accounts were issued on 30 June 2017 and the audited accounts were authorised for issue on 28 September 2017.

Movement in Reserves Statement

As at 31 March 2017

	Notes	General Fund £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Balance as at 1 April 2015		0	0	0	0
Movement in reserves during 2015/16					
CIES Deficit or (Surplus)		342	342	(22)	320
Adjustments from income and expenditure charged under the accounting basis to the funding basis	1	(342)	(342)	342	0
Decrease/(Increase) in 2015/16		0	0	320	320
Balance as at 31 March 2016		0	0	320	320
Balance as at 1 April 2016					
		0	0	320	320
Movement in reserves during 2016/17					
CIES Deficit or (Surplus)		58	58	164	222
Adjustments from income and expenditure charged under the accounting basis to the funding basis	1	(58)	(58)	58	0
Decrease/(Increase) in 2016/17		0	0	222	222
Balance as at 31 March 2017		0	0	542	542

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

Statement of Cash Flows

For the year ended 31 March 2017

	31 March 2017		31 March 2016
	Notes	£000	£000
(Deficit) on the provision of services	1	(58)	(342)
Adjustments to net (deficit) for non-cash movements	10	(1,026)	1,497
Adjustments for items included in the net(deficit) on the provision of services that are investing and financing activities		0	0
Net cash flows from operating activities		(1,084)	1,155
Investing activities		0	0
Financing activities		0	0
Net increase/(decrease) in cash and cash equivalents		(1,084)	1,155
Cash and cash equivalents at the start of the year		1,155	0
Cash and cash equivalents at the end of the year		71	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 2016/17* (the Code), supported by International Financial Reporting Standards (IFRS) adopted by the European Union and statutory guidance issued under section 12 of the Local Government Act 2003.

The Statement of Accounts summarises the Corporation's transactions for the 2016/17 financial year and its position at 31 March 2017. 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 2017.

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

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

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

c) Accruals of income and expenditure

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

d) Going concern

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

Accounting Policies (continued)

e) The application of new and revised standards

The Code requires the Corporation to identify any accounting standards that have been issued but have yet to be adopted and could have a material impact on the Statement of Accounts. There are no such standards applicable to the Corporation.

f) Cash and Cash Equivalents

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

g) Critical judgements on applying accounting policies.

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

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

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

The preparation of financial statements in conformity with the Code requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Corporation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements and specifically to note 9 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.

Accounting Policies (continued)

j) Events after the 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.

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) 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.

l) Corporation and chargeable gains taxation

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

Accounting Policies (continued)

m) Value Added Tax (VAT)

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

n) Employee benefits

Benefits Payable during Employment

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

Termination Benefits

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

Post-Employment Benefits

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

The Local Government Pension Scheme

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

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

Accounting Policies (continued)

- The assets of the LPFA pension fund attributable to the Corporation are included in the Balance Sheet at their fair value as follows:
 - The assets of the LPFA pension fund attributable to the Corporation are included in the Balance Sheet at their fair value as follows
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value

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

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

Accounting Policies (continued)

- 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.

o) Reserves

Reserves consist of two elements, usable and unusable.

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

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

p) Trade and other receivables

The Corporation received planning application income in 2016/17 and there are no year-end trade receivables relating to this as income is received at the point where a planning application is submitted. The Corporation received GLA grant funding which is recognised as and when the grant is due to be paid to the Corporation. Other income received during the course of the year contributed towards specific pieces of work.

q) 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. 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.

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

1. Expenditure and Funding Analysis (continued)

31 March 2016	Net Expenditure Chargeable to the General Fund Balances £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure Chargeable to the General Fund Balances £000
Corporation	327	0	327
Net cost of services	327	0	327
Other Income and expenditure	-327	342	15
Surplus or deficit	0	342	342
Opening General Fund Balance at 31 March 2015	0		
Less Deficit on General Fund Balance in Year	0		
Closing General Fund at 31 March 2016	0		

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

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

31 March 2016	IAS 19 Pension Adjustment £000	Accumulated Absences Adjustment £000	Total Adjustments £000
Corporation	0	0	0
Net cost of services	0	0	0
Other Income and expenditure from the fund	328	14	342
Difference between General Fund (surplus) or deficit and CIES (surplus) or deficit	328	14	342

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

2. Gross Income and Expenditure Summary

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

Income	31 March 2017	31 March 2016
	£000	£000
GLA Income	(6,323)	(3,492)
Planning Application fees	(551)	(234)
Other	(48)	(40)
Total Income	(6,922)	(3,766)

Expenditure	31-Mar-17	31-Mar-16
	£000	£000
Employee benefits expenses	2,854	1,858
Other service expenses	627	642
Consultancy and Professional Fees	2,927	1,262
Support service recharges	566	331
Gross Expenditure	6,974	4,093

The first operating year for OPDC was 2015/2016 and new programmes were in the process of being agreed resulting in lower income and expenditure compared to 2016/2017.

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 and Corporation Tax.

3. External Audit Fees

External audit fees are made up as follows:

	31 March 2017	31 March 2016
	£000	£000
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor	15	15
Fees payable in respect of other services provided by the appointed auditor over and above external audit services	10	10
Total	25	25

4. Officers' Remuneration (including termination benefits and members' allowances)

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

OPDC Staff	Name of Post Holder	Salary (including fees and allowances) £	Compensation for loss of office £	Employer Pension Contributions £	Total Remuneration including pension contributions £
Chief Executive Officer	Victoria Hills	119,095	-	13,091	132,186
Director of Planning	Michael Mulhern	78,400	-	9,408	87,808
Director of Development	Paula Hirst	79,732	50,436	9,568	139,736

2015/16

OPDC Staff	Name of Post Holder	Salary (including fees and allowances) £	Compensation for loss of office £	Employer Pension Contributions £	Total Remuneration including pension contributions £
Chief Executive Officer	Victoria Hills	105,893	-	12,707	118,600
Director of Planning	Michael Mulhern	72,716	-	8,726	81,442

Termination Benefits

The code requires the separate disclosure of the number and cost of compulsory and voluntary severance termination packages agreed during the year. One member left on the Corporation's voluntary severance terms, the total cost of which was £50,436.

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.

Remuneration Band £	2016/17	2015/16
	Number of Employees	Number of Employees
50,000 - 54,999	3	2
55,000 - 59,999	2	-
	5	2

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

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, with 5 posts covered via Shared Services Arrangements with the GLA.

4. Officers' Remuneration (including termination benefits and Members' allowances) (continued)

Members' remuneration

31 March 2017

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

*Natalia Perez was recruited as an OPDC Planning Committee member on the 27 February 2017.

Members of the OPDC Board, Committees or its subordinate bodies 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.

2016/2017 – Members' Backdated pay

Name	Title	Salary (inc	Expenses	Employer's	Total
		fees and allowances)			NI
		£000	£000	£000	£000
Julian Bell	Board Member	14	-	1	15
Muhammed Asqhar Butt	Board Member	14	-	1	15
Wesley Harcourt	Planning Committee Member	2	-	-	2
Sarah-Louise Marquis	Planning Committee Member	2	-	-	2
Stuart Robinson	Planning Committee Member	2	-	-	2
Eric Sorensen	Board Member	4	-	-	4
Hitesh Tailor	Planning Committee Member	2	-	-	2

The backdated pay relates to allowances for membership in 2015/16 but claimed in 2016/17

4. Officers' Remuneration (including termination benefits and members' allowances) (continued)

2015/2016

Name	Title	Salary (inc	Expenses	Employer's	Total
		fees and allowances)		NI	remuneration including NI
		£000	£000	£000	£000
Gordon Adams	Planning Committee Member	2		-	2
Stephen Cowan	Board Member	14		-	14
Rahul Gokhale	Board Member	14		1	15
Wesley Harcourt	Planning Committee 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
William McKee	Board and Planning Committee Member	18	1	1	20
Jordan Nash *	Board and Appointments and Remuneration Committee Member	6		-	6
Eric Sorensen	Board, Audit Committee and Appointments and Remuneration Committee Member	16		1	17

5. Financing and investment expenditure

	31 March 2017	31 March 2016
	£000	£000
Net interest on the net defined benefit liability	9	6
Other bank and finance charges/credits	(1)	1
Total	8	7

6. Corporation tax

a) Corporation tax

The corporation tax credit to the Income and Expenditure account for the year to 31st March 2017 includes a prior year credit adjustment of £400 related to the difference in the payment made to HMRC and the filing of the final return.

6. Corporation tax (continued)

	31 March 2017	31 March 2016
	£ 000	£ 000
Net deficit on provision of services	60	334
Corporation Tax at 20%	(12)	(67)
Effect of:		
Disallowable items	2	0
Pension scheme adjustments	8	67
Deferred tax not provided on fixed asset timing differences	0	8
Corporation Tax	(2)	8

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

b) Deferred tax

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

	31 March 2017	31 March 2016
	£ 000	£ 000
Assets due to:		
Pension scheme liabilities	89	64
Timing differences on fixed assets	6	8

These potential deferred tax assets have been calculated using the tax rate at which the asset is expected to reverse which is 17% for the year to 31 March 2017 (20% for the year to 31 March 2016).

7. Short term debtors

	31 March 2017	31 March 2016
	£000	£000
Debtor (GLA)	1,096	1,258
Prepaid Expenses	11	0
Other functional bodies	13	0
Taxation Debtor (HMRC)	326	164
Other entities and individuals	8	56
Total	1,454	1,478

7. Short term debtors (continued)

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

8. Current liabilities

	31 March 2017	31 March 2016
Current liabilities	£000	£000
Tax creditor (HMRC)	(47)	(30)
Local authorities & Functional Bodies	(1,487)	(1,715)
Other entities and individuals	(8)	(902)
Total	(1,541)	(2,647)

9. 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. Employer's 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 employer's contribution rate for 2016/17 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.

9. Pensions (continued)

Principal assumptions used by the actuary

	31 March 2017	31 March 2016
Life expectancy from age 65 Years	Years	Years
Retiring today		
Males	22.4	22.5
Females	24.6	25.4
Retiring in 20 years		
Males	24.7	24.9
Females	26.8	27.7

Financial assumptions	31 March 2017	31 March 2016
	% per annum	% per annum
Salary increases	4.2	4.3
Pension increases	2.7	2.5
Discount rate	2.8	3.9

The Retail Price Index (RPI) increase assumption is 3.6% (3.4% in previous year). The Consumer Price Index (CPI) increase assumption is 2.7% (2.5% in previous year).

The assumptions used to measure events in the accounting period from 1 April 2016 to 31 March 2017 are set with reference to market conditions at 31 March 2017.

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

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

Amounts charged to the Comprehensive Income and Expenditure Statement

	31 March 2017	31 March 2016
	£000	£000
Service cost	170	358
Total included in net cost of services	170	358
Net interest on the defined liability	9	6
Total included in deficit on provision of services before tax	9	6
Remeasurement of the net defined benefit (asset) / liability	164	(22)
Total	343	342

Reconciliation of present value of the defined benefit obligation

	31 March 2017	31 March 2016
	£000	£000
Opening defined benefit obligation	(681)	0
Current service cost	(170)	(57)
Interest cost	(28)	(14)
Change in financial assumptions	(365)	25
Change in demographic assumptions	7	
Experience gain/(loss) on defined benefit obligation	368	
Liabilities extinguished/(assumed) on settlements		(607)
Contribution by Scheme participants	(87)	(28)
Closing defined benefit obligation	(958)	(681)

9. Pensions (continued)

Reconciliation of fair value of Fund assets

	31 March 2017	31 March 2016
	£000	£000
Opening fair value of Fund Assets	375	0
Interest on assets	19	8
Return on assets less interest	78	(3)
Other actuarial gains/(losses)	(252)	
Contribution by employer including unfunded	123	36
Contribution by Scheme participants	87	28
Settlement prices received		306
Closing Fair Value of Fund assets	430	375

The total return on the fund assets for the year to 31 March 2017 is £97,000.

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 2017	31 March 2016
	£000	£000
Present value of the defined benefit obligation	(956)	(681)
Fair Value of Fund assets	430	375
Net liability arising from defined benefit obligation	(526)	(306)

Local Government Pension Scheme assets comprised:

	31 March 2017		31 March 2016	
	£000	%	£000	%
Employer asset share - bid value	254	59	174	46
Equities	0		38	10
LDI/Cashflow matching	91	21	80	21
Target Return Portfolio	23	6	21	5
Infrastructure	0		2	1
Commodities	22	5	13	4
Property	40	9	47	13
Cash	430	100	375	100
Total				

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	919	956	995
Projected service cost	343	357	371
Adjustment to long term salary increase	0.1%	0.0%	-0.1%
Present value of total obligation	961	956	951
Projected service cost	357	357	357
Adjustment to pension increases and deferred revaluation	0.1%	0.0%	-0.1%
Present value of total obligation	990	956	924
Projected service cost	371	357	343
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year
Present value of total obligation	986	956	926
Projected service cost	368	357	346

9. Pensions (continued)

The total contributions expected to be made to the Local Government Pension Scheme by the Corporation in the year to 31 March 2017 are £123,000.

10. Cash flow note

Adjustments to net deficit for non-cash movements

	31 March 2017	31 March 2016
	£000	£000
Increase/(decrease) in Creditors	(1,106)	2,647
(Increase)/decrease in Debtors	24	(1,478)
Movement in Pension Liability	56	328
Adjustment to net deficit for non-cash movement	(1,026)	1,497

The cash flows from operating activities include nil interest received for the year ending 31 March 2017.

11. Reserves

Usable reserves

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

Unusable reserves

	31-Mar-17	31-Mar-16
	£000	£000
Pension reserve	526	306
Accumulated Absence Account	16	14
Balance unusable reserves	542	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.

11. Reserves (continued)

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-Mar-17	31-Mar-16
	£000	£000
Balance as at 1 April	306	0
Remeasurement of the net defined benefit liability/(asset)	164	(22)
Reversal of charges relating to retirement benefits	179	364
Employers pension contribution to pensioners payable in the year	(123)	(36)
Balance of unusable reserves as at 31 March	526	306

12. 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 2017 were as follows:

12. Related party transactions (continued)

	31 March 2017	31 March 2016
	£000	£000
Income		
Greater London Authority ¹	(6,323)	(3,492)
Expenditure		
Department for Transport	84	0
Greater London Authority	795	1,271
London Borough of Ealing	186	95
Transport for London	682	301

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 2016/17 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 2016/17 under the related party transactions declaration.

Annual Governance Statement

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

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

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

Scope of responsibility

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

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

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

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

The purpose of the governance framework

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

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

The governance framework has been in place at the Development Corporation for the year ended 31 March 2017 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 2017 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, four 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.
- Contracts and Funding Code, which sets out policies in relation to the proper procurement of goods, services, supplies and works.

These documents have all been in place throughout 2016/17. 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, attend the OPDC's Audit Committee and have regular meetings with the External Auditors.

Internal Audit undertook risk management advisory work for the OPDC in the early part of the year and reviewed the Programme and Project Management Framework that is being developed for the Corporation, looking at the areas of governance, risk management and the internal control framework. A draft payroll audit report was completed in the last quarter of the year, with the completion of the audits of the Programme and Project Management, Contract Management and Governance Frameworks delayed due their being the subject of internal OPDC and Mayoral reviews; a consequence of which is that they have been carried over to the 2017/18 Audit plan and is the reason for there being no Head of Internal Audit opinion for 2016/17.

Greater London Authority (GLA) Corporate Governance

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

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

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

Whistleblowing and complaints

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

Meeting development needs of members and senior staff

OPDC is committed to supporting and harnessing a diverse and modern workforce and employs approximately 46 staff in full-time and part-time positions, including

apprentices, secondees and shared service resources from across the GLA Group, with a workforce generally reflecting the diversity of the community we serve.

The development of the skills and capacity of staff, managers and teams to perform effectively and respond to the ongoing organisational change is incorporated within the Corporation's performance management framework for staff. A range of flexible and structured development options to develop staff competencies and careers are available, as well as opportunities for team and management development. Board members are offered tailored induction meetings, and 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 Development Corporation has partnership arrangements in place with a number of bodies, including local authorities and landowners and other stakeholders.

Governance review

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

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

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

OPDC will provide regular updates to each Board meeting from July 2017 onwards, reporting on the progress made and the outlook on delivering recommendations that are outstanding. In addition, the report will also undergo updates throughout the course of the delivery of the plan, with completion of the final output expected for July 2018.

In an effort to ensure that proper management of progress is maintained and to demonstrate assurance to the Mayor's Office and the Board on the delivery of the recommendations by remaining a priority, the implementation plan will be reported as a project each month to the Programme Board via the Programme Assurance Office. It is expected that the project will capture the status of each milestone, risk and issue, including any topics that need to be escalated to a relevant decision board.

The full implementation plan has been published, with the specific Governance issues to address over the forthcoming year as follows:

Issue	Response
<p>That the OPDC, working with the GLA, investigates the feasibility and implications of redrawing the Corporation's boundary so as to exclude Wormwood Scrubs.</p>	<p>OPDC will produce a paper on this issue for discussion with the incoming Chair.</p> <p>Wormwood Scrubs is the largest open space within the OPDC boundary. It is managed by the Wormwood Scrubs Charitable Trust, and protected by the Wormwood Scrubs Act 1879, the Commons Act 2006 and as Metropolitan Open Land in the London Plan, which affords the Scrubs the same level of protection as Metropolitan Green Belt. This protection will continue.</p> <p>The vision for Wormwood Scrubs contained in the draft Local Plan is that it will continue to be a much-cherished public open space and important ecological asset. New sensitive connections and carefully considered improvements will bring Old Oak and White City together and make the Scrubs more accessible to all Londoners. These connections will be agreed by the Wormwood Scrubs Charitable Trust and in discussion with the London Borough of Hammersmith and Fulham and the local community.</p>
<p>A new Chair must be appointed as a matter of urgency to signal how serious the Mayor is about bringing forward appropriate development in the area. This Chair must have close working relationships with City Hall, share the Mayor's vision and be able to champion the asks of Government outlined above</p>	<p>The appointment of a Chair is the most urgent requirement for the OPDC. Interviews for the position took place in late February. A Chair was appointed and confirmed by the London Assembly in April 2017.</p>

<p>The DCLG, DfT, Network Rail and HS2 public officials should be asked to step down from the Board and offered observer status instead.</p>	<p>The HS2 Board Member resigned in November 2016 and the DfT and DCLG Board members resigned in April 2017. It is recommended that all three organisations attend as observers instead. OPDC officers will discuss options for Network Rail's membership of the Board with the Chair.</p> <p>New Board members will be recruited with expertise in commercial and property issues (as per recommendation 5d). Board members are Mayoral appointments, and the Board will need to ratify the appointment of observers to the Board.</p> <p>OPDC will work closely with the GLA in order to implement these changes.</p> <p>This is a Mayoral appointment. However, once the preferred candidate has been nominated by the Mayor, it is subject to a confirmation hearing with the London Assembly.</p>
<p>The resulting vacancies on the Board should be used to recruit experts with property and commercial knowledge and experience – and preferably local knowledge also</p>	<p>A recruitment process will be started to find suitable candidates. OPDC will work with the GLA to develop a specification for the roles and launch the advert once the new Chair is in place and we are clear as to the role he or she will want to take in relation to the appointments.</p>
<p>Support for business and community Board members must be provided to enable them to properly represent their constituent groups. Other regular forums outside the Board and Planning Committee should be developed to allow the voice of business and the community to be heard and shape decision making.</p>	<p>The Mayor's consolidated budget for 2017/18 contains a contingency fund to, amongst other issues, allow OPDC to fully implement the recommendations contained in the review. To that end, OPDC will explore with the GLA the potential for additional resource to support Board members representing the business community and residents more effectively. This approach would help ensure that such members are more clearly aware of the wider views of the businesses and residents to inform Board meetings.</p> <p>In relation to other opportunities for the voices of the business and community to influence decision making, OPDC's draft Local Plan consultation generated over 7,000 individual responses, including local businesses and community members, and</p>

28 key issues have been identified as a result. These are being considered in the context of the next version of the Local Plan, which goes out for another round of consultation in spring 2017, providing additional opportunities for people to shape and influence decision making.

Since April 2016, OPDC has implemented 25 consultation events, feedback from which has been used to help influence and inform the draft policies set out within OPDC's Local Plan framework. As part of the Local Plan consultation, OPDC have implemented sessions to show how the feedback from the earlier sessions has helped to inform the draft policies going forward. Due to the interest shown by local communities, and in response to this recommendation, further feedback sessions were held in January and February 2017.

OPDC has also created a Cultural and Creative Stakeholder Forum to allow the voice of business and the community to be heard and to shape decision-making around embedding arts, culture and heritage into the area. The Forum first met in November 2016 to work on an ultimately successful bid to the 'Great Place Scheme', and will continue to grow and expand in 2017.

OPDC's engagement team have also held meetings with residents to discuss OPDC's Statement of Community Involvement. Having taken feedback into account, the Statement of Community Involvement is now more robust in terms of ensuring developers share their engagement strategies with OPDC before they are implemented, and that residents don't experience 'consultation fatigue'. An enhanced Statement of Community Involvement has been prepared and will be submitted to OPDC's Planning Committee and the OPDC Board later in 2017.

OPDC is organising events throughout the year targeting the voluntary/third sector organisations and local communities. The first one took place in January 2017. The

	purpose of these is to let local communities know of OPDC's plans, provide an opportunity for local communities to engage, and to influence decision-making processes.
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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

- 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
- William McKee – Chair, Outer London Commission
- Professor Jordan Nash – Imperial College London
- David Prout – Director General High Speed 2, Department for Transport
- Simon Ridley – Director General, Decentralisation & Growth, Department for Communities & Local Government
- Eric Sorensen – Former Chief Executive, London Docklands Development Corporation and the Millennium Commission
- Amanda Souter – Chair, Wells Road Residents Association

The following Members left during the year;

- Sir Edward Lister – Deputy Mayor for Planning, Greater London Authority (May 2016)
- Matthew Pencharz – Deputy Mayor for Environment and Energy, Greater London Authority (May 2016)
- Simon Kirby – Chief Executive, High Speed 2 (October 2016)

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

Audit Committee

- William McKee
- 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
- Councillor Natalia Perez



Doug Wilson CA
Chief Finance Officer
28 September 2017

Glossary of terms

Accruals basis

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

Actuarial gains and losses

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

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

Balances

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

Carrying amount

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

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services.

Creditors

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

Current service cost

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

Glossary of terms (continued)

Curtailment

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

Debtors

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

Defined benefit scheme

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

External audit

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

Expenditure

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

Fair value

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

Financial regulations

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

General fund

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

Glossary of terms (continued)

Income

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

International Financial Reporting Standard

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

Liabilities

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

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.

Glossary of terms (continued)

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.

