



Transforming Lives

ANNUAL REPORT AND
ACCOUNTS 2008/09



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London Thames Gateway Development Corporation

Annual Report and Accounts 2008/09 Final Accounts for the year ended 31 March 2009

Presented to Parliament in pursuance of Schedule 26, Sections 134 and 135
of the Local Government Planning & Land Act 1980

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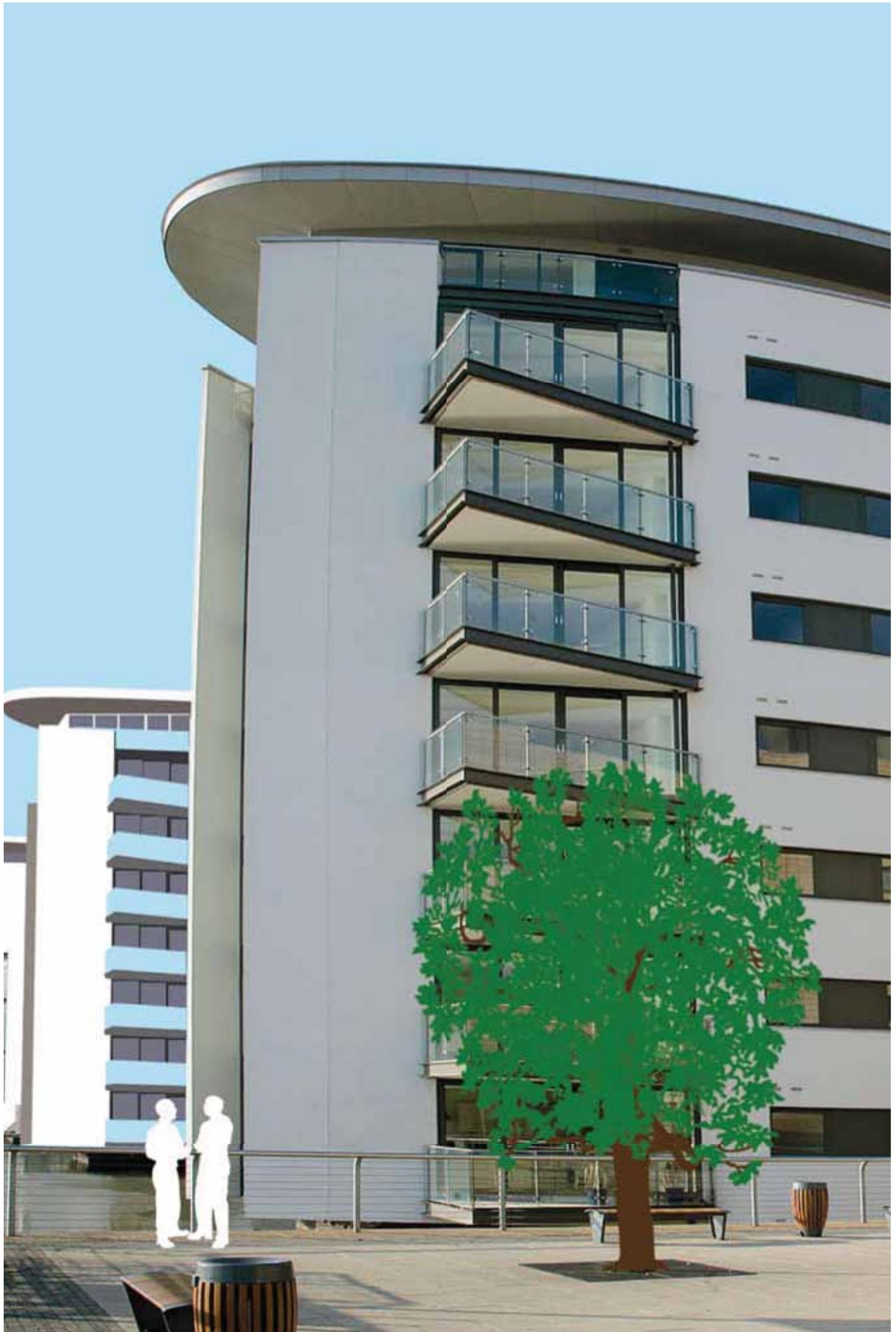
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Housing development at Albert Basin



FOREWORD BY CHAIRMAN

The publication of our last annual report was occasioned by increasing optimism that the London Thames Gateway Development Corporation's (LTGDC) approach to regenerating the Lower Lea Valley and London Riverside was paying off.

Our substantial efforts – with partner agencies, including the local London Boroughs – to develop a clear strategic planning policy framework ensuring that the London Thames Gateway realises its economic potential, signposting private sector investors to the investment opportunities within our area, were gaining traction.

Our three year Corporate Plan launched in the same year underlined our confidence, both in the level of investment we have committed to east London over the period and the ambitious targets we set to secure additional inward investment.

History will remember the year gone as the point where the longest period of economic growth in Britain came dramatically to a close. The aftermath of the crisis in the credit markets is still with us and are now allied to expectations of a lengthy economic slowdown.

In the context of this changed environment I want readers of this annual report – our partners, stakeholders and local communities – to understand that, far from sharing in any gloom about the future prospects for the London Thames Gateway, the Board, its executive team and staff remain as committed and optimistic about the future as ever and remain determined to deliver in this crucial time.

Indeed, LTGDC is uniquely placed to deliver vital infrastructure and regeneration schemes during the downturn in the economy, providing a safe landing pad for the private sector once growth returns. Our activities this year, detailed in the Chief Executive's report, are evidence of the contribution we are making to transform east London and to secure long-lasting benefits for new and existing communities. The arrival of the Homes and Communities Agency can

only strengthen and enhance the focus of regeneration and is a welcome addition to our work. In all these activities we continue to have the support of our sponsor, the Department for Communities and Local Government (CLG).

In the last year the Board has seen some changes. My predecessor as chair Lorraine Baldry and deputy chair John Biggs completed their terms along with John Worthington, Atul Patel and Cllr. Sid Kallar. On behalf of the current Board I extend my sincere thanks for their contribution. I would especially like to thank Lorraine for the leadership and direction she provided to LTGDC during her chairmanship and to the excellent board she appointed, which I inherited and am privileged to lead. I welcome to the Board Sylvie Pierce, Sheila Drew Smith and Cllr. Mick McCarthy.

Through our efforts, working with both the local boroughs and our delivery partners, east London is changing. I am confident that we have the Board, staff and resources to face the challenges ahead. I am confident too that change will gather in pace and produce enduring benefits of which we can all be proud.

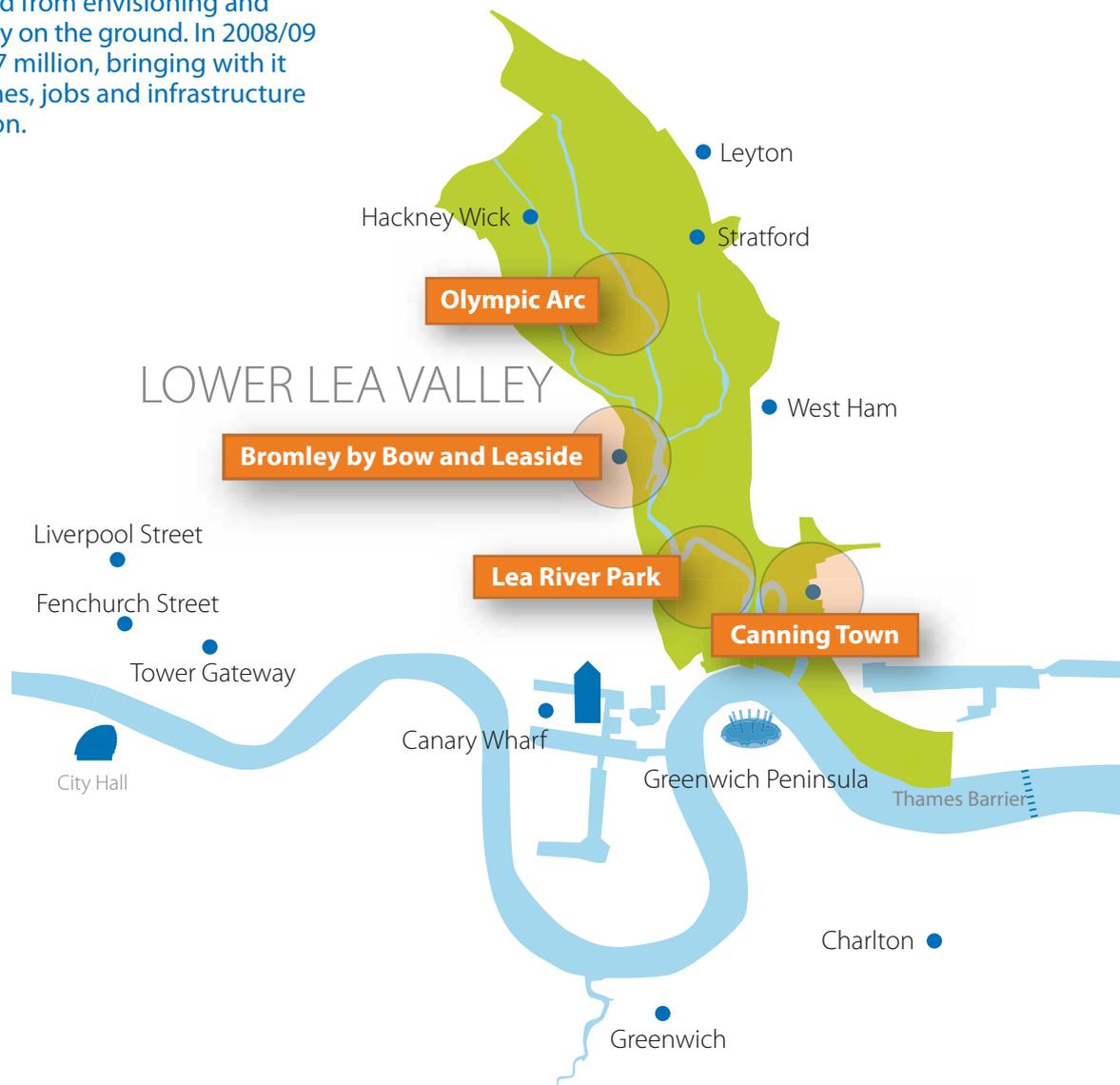
A handwritten signature in black ink that reads "Bob Lane". The signature is written in a cursive, flowing style.

BOB LANE – Chairman



CHIEF EXECUTIVE'S REPORT

This year has seen the London Thames Gateway Development Corporation consolidate progress within its key projects across our eight priority locations, moving forward from envisioning and planning to active delivery on the ground. In 2008/09 we invested a total of £37 million, bringing with it the prospect of new homes, jobs and infrastructure to spearhead regeneration.





LOWER LEA VALLEY

In the Lower Lea Valley, LTGDC's programme of projects is expected to deliver by 2016 4,300 new homes, 2,900 new jobs, £1.3 billion of private sector investment, 36 hectares of remediated brown field land, 160,000 square metres of new commercial space and 190,000 square metres of new or refurbished green and open space.

Canning Town

LTGDC, with the London Borough of Newham is delivering one of the most exciting regeneration projects in the capital.

The master plan framework for Canning Town and Custom House, which was adopted as Supplementary Planning Guidance in 2008, seeks to deliver 11,000 new homes and a new town centre opposite Canning Town's transport interchange for DLR, Jubilee Line and London Buses, with approximately 60,000 sq m of retail and commercial space.

To kick start the new town centre development, LTGDC provided funding to Newham Council to clear and demolish outdated tower blocks in order to provide a significant part of the new town centre site. An area of 2.5 hectares has now been cleared ready for development. A brief has been issued to select a development partner to work up the first phase of the development, which will eventually comprise up to 1,800 homes and 60,000 sq m of retail and commercial space.

Design work for the removal of the A13 slip roads and roundabout is well underway. The project will create a continuous pedestrian connection between the two communities north and south of the A13. A planning application for the improvements was submitted in December 2008 and work on the project will start in 2010.

Parmjit Dhanda MP, Communities Minister, officially opened The Place in June 2008. The Place is a new building which brings together a range of public services such as job brokerage training services, the safer neighbourhoods police team and local regeneration team closer to the community. LTGDC commissioned the construction of this project.

Olympic Arc

The London 2012 Games is already bringing many benefits to east London beyond the development of the Olympic Park. Many transport enhancements have been brought forward that benefit east London as a whole and act as vital catalysts for development in the Lower Lea Valley. Sustainable regeneration that benefits local communities will not come about without careful planning and coordination.

To ensure that the Olympic Park connects with the surrounding area and that the benefits of the Games are maximized for local communities, LTGDC has worked with partners to commission master plans for the areas directly adjacent to the Park. Known collectively as the Olympic Arc, the master plans cover Stratford Town Centre and High Street, Sugar House Lane, Bromley by Bow, Hackney Wick and Fish Island and the Northern Olympic fringe. Together these plans will help in shaping future strategic investments, site assembly and new infrastructure.

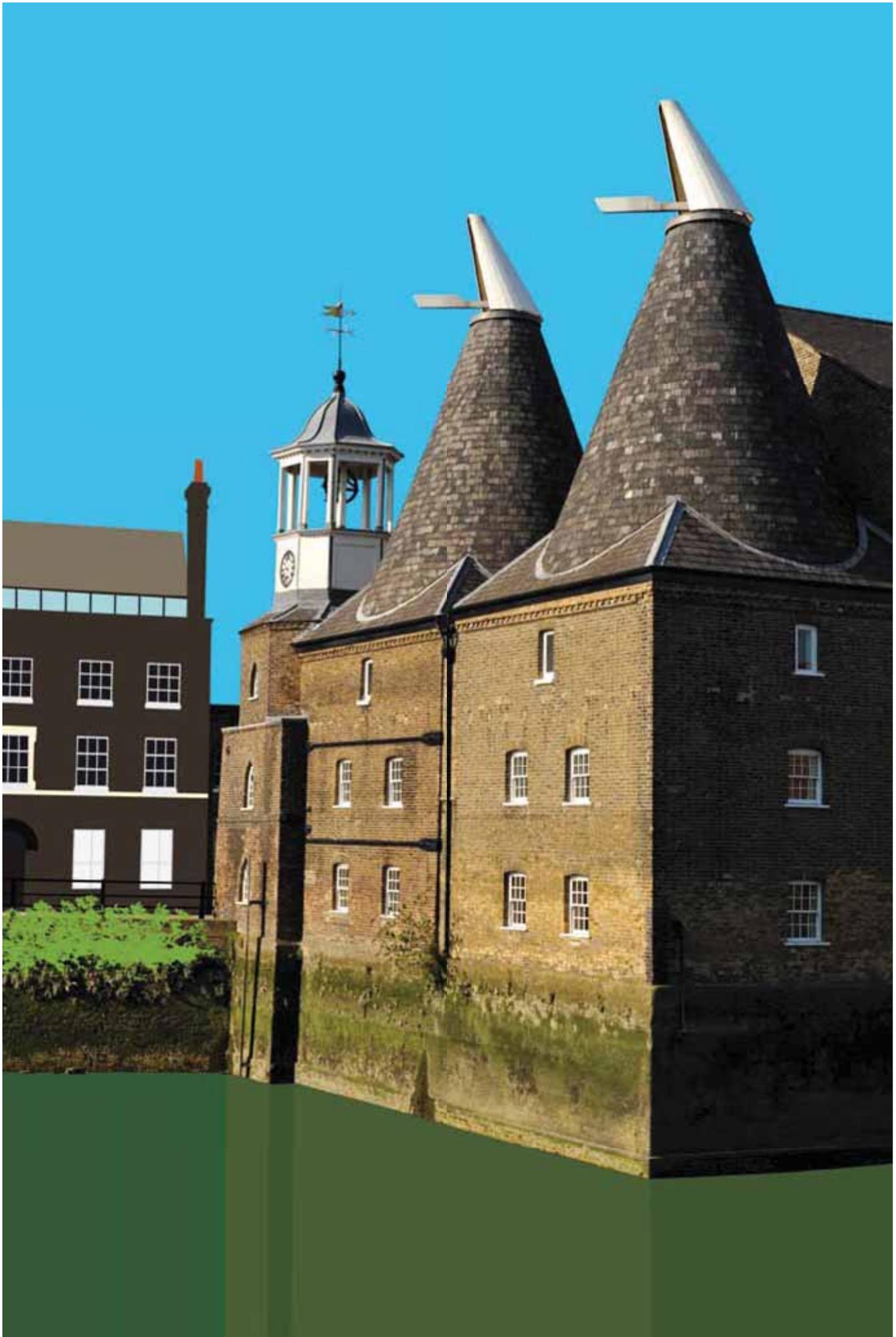
Undoubtedly the London 2012 Games provides a valuable opportunity to showcase the regeneration of east London and focus inward investors' attention on the Lower Lea Valley in order to encourage investment beyond 2012. With this in mind LTGDC has spearheaded the creation of an inward investment and marketing suite overlooking the Olympic Park, with prime views of the wider Lower Lea Valley. Planning permission has already been granted and work to convert the penthouse floors ready for opening in late 2009 has started.

We have made considerable progress in agreeing the business plan for Birkbeck College (University of London) and the University of East London to deliver a new academic centre in Stratford. A proposition has been agreed for a building of 8,500 sq m and costing £33 million to be located within the Cultural Quarter of Stratford, delivering higher and further education programmes and much needed rehearsal space for both the Theatre Royal Stratford East and Stratford Circus. If the funding application being made to the Higher Education Funding Council for England (HEFCE) in 2009/10 is successful, the new centre will open in 2012.

Stratford serves as an important gateway to the Lower Lea Valley and the London 2012 Games, and LTGDC has agreed funding for major enhancements to the High Street before 2011. A design partner has been appointed and work is programmed to start early in 2010.



Meridian Square, Stratford



Three Mills Lock, Bromley by Bow

Bromley by Bow

At the Lower Lea Valley's heart is an area of declining traditional industries. South of the Olympic Park and east of Bromley by Bow station this area is juxtaposed with Three Mills, an attractive area surrounded by waterways, a number of historic buildings and London's largest film studio.

This area of declining industry is in fragmented ownership and needs intervention to come forward. LTGDC completed a land use and design brief for the Hancock Road/Imperial Street area which was adopted by the London Borough of Tower Hamlets as Supplementary Planning Guidance in February 2009. Negotiations with landowners regarding delivery of the site have progressed well and LTGDC is considering use of Compulsory Purchase Order (CPO) powers to ensure comprehensive development is achieved.

Negotiations with landowners and master planning work in the Sugar House Lane area have also advanced and further progress can be expected in 2009/10.

LTGDC is assisting Poplar HARCA in the redevelopment of the Aberfeldy Estate through its funding of the demolition of Currie and Dunkeld House for redevelopment.

New connections across the area are being progressed and work should start on site for a new crossing across the A12 at Lochnagar Street next year.

Lea River Park

The LTGDC plan to extend the Lee Valley Regional Park south along the river valley to its mouth at the Thames is progressing well. Known as the Lea River Park, the two mile extension south from the Olympic Park celebrates the history, heritage and natural attributes of the Lea Valley, creating an ecological resource and a range of leisure and recreational opportunities for the local community and regional visitors.

LTGDC has completed a design framework for the Lea River Park and is working on phase one of its delivery which includes Three Mills Green, the first phase of the Fatwalk (a continuous north-south pedestrian and cycle route parkland link from the Olympic Park to the Thames) and East India Dock Basin. We have appointed Thames 21 to continue consultation with residential and business communities in order to start volunteering activities along the route of the park and the river, raising its profile and engendering a sense of local ownership. At the recent BURA Waterways Award the design framework for the Lea River Park was highly commended by the judging panel.

Latz + Partners were appointed as the design team for the Lea River Park and will work with stakeholders to build on the design framework and business plan before preparing planning applications.

A project that has made a significant contribution to the Lower Lea Valley is the water impoundment work at Three Mills Wall River and Prescott Channel that LTGDC funded with British Waterways Board, the Olympic Delivery Authority and Transport for London. The project's aim is to create a permanent water level north of the River Lea, to enable it to support leisure activities and allow commercial water freight to service the construction of the Olympic venues. The project embraces improvements to river banks and towpaths and the provision of a more attractive environment for future housing developments. Work commenced in February 2007 and Three Mills Lock was opened in June 2009.

LONDON RIVERSIDE

In London Riverside, our programme is expected by 2016 to deliver 900 new homes, 2,380 new jobs, £300 million of private investment, 27 hectares of remediated brownfield land, 130,000 square metres of new commercial space and 120,000 square metres of new/refurbished green or open space.

Barking Town

Identified as a priority area within the Thames Gateway, Barking Town Centre is changing rapidly. To ensure that the revitalisation of the town is well coordinated, LTGDC is supporting the London Borough of Barking and Dagenham in producing an Area Action Plan for the town centre, which is now at preferred options stage.

Phase two of the mixed use Barking Central scheme is progressing well with partial completion already achieved. On completion it will comprise 250 apartments, a 66 room Travelodge Hotel, a Tesco Metro, offices, food outlets and retail units. Phase one, consisting of 246 new flats and a new Lifelong Learning Centre was completed in 2007. LTGDC supported the development through the acquisition of strategic property assets and by providing funding for the new Town Square and Secret Garden. The development has already picked up several awards including the prestigious European Prize for Urban Public Space.

In preparation for the arrival of a new dedicated route for ELT (East London Transit) through the town centre, part of Barking's street market has been relocated, with LTGDC jointly funding the purchase of properties and the construction of a new market square off London Road which opened in January 2009. The construction of East London Transit has now commenced with completion scheduled for Autumn 2009. LTGDC is pleased to have supported this project by funding enhanced public realm and passenger facilities along its route. On completion, this rapid bus system will link Ilford and Barking with Dagenham Dock through Thames View Estate.

With designers Grimshaw Architects and Atkins, LTGDC is leading on master planning and feasibility work for Barking Station and its interchange with the aim of linking existing train, taxi, tube and bus services with the new ELT services. Working with Transport for London to bring this service forward, LTGDC has funded land acquisitions and investments in the public realm along the route linking Barking Riverside to the Town Centre.

Breathing new life and character into Barking is the overriding aim of a new Creative Industries Quarter (CIQ) that LTGDC is developing. Located to the west of the town centre along Abbey Road, LTGDC has acquired further sites since its acquisitions of the Granary and the Malthouse, former riverside industrial warehouses of significant architectural merit which had fallen into disuse. The renovation of the Malthouse was completed in November 2007 and LTGDC

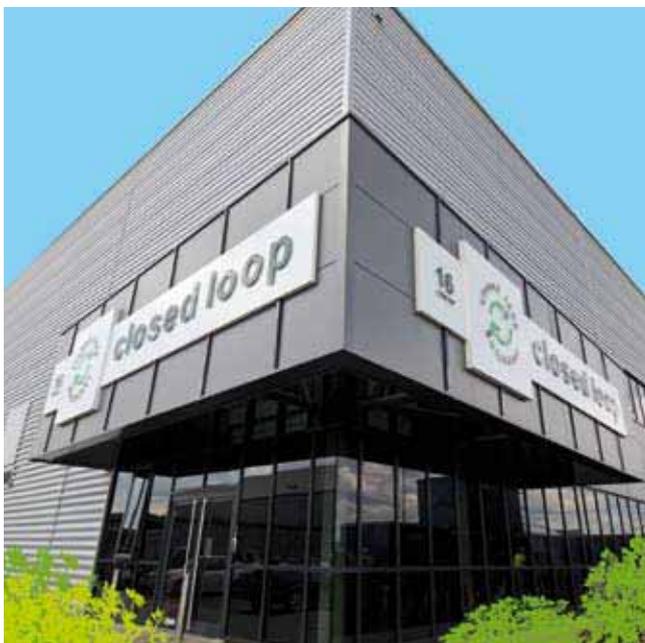


engaged SPACE studios to manage lettings of the building which is now fully occupied with arts-based organisations. Demolition of redundant buildings and remediation work on the more recently acquired Granary building has prepared the site for the next phase of development that will ultimately see 7,000 sq m of creative space and 350 new homes. A planning application for the development was submitted in November 2008 and approved in May 2009.

Dagenham Dock

At Dagenham Dock, with its excellent access to the A13 and rail network, the London Sustainable Industries Park (SIP) is fast becoming the focus for environmental technology industries in London. Following the acquisition in May 2008 of 11 hectares of former power station land and a further 4 hectares in March 2009, over 18 hectares are now controlled by LTGDC. Our plans for future site acquisition will see the park extend to over 25 hectares enabling it to accommodate new premises of up to 125,000 sq m.

The London Development Agency were instrumental in delivering the park's first occupier, Closed Loop, who opened their facility in June 2008 and are a good example of the type of industry the park is attracting. This is the world's first facility for recycling both Polyethylene Terephthalate (PET) and High-Density Polyethylene (HDPE) plastic back into food grade plastic flake, used in the production of new plastic drink and milk bottles for clients including Marks and Spencer and Coca Cola.



This year, Cyclamax became the London SIP's first energy from waste facility. Its flagship facility will occupy 3.5 hectares of the Dagenham Dock site with a 100,000 tonne capacity gasification plant. Producing up to 15 megawatts of energy a year, the facility will provide power for park occupants and up to 20,000 homes.

One of the most exciting tenants at the London SIP will be the Thames Gateway Institute for Sustainability. The only initiative of its kind in the UK, the Institute is bringing together leading businesses, academic institutions and research organisations to develop new solutions for sustainable living. Located in Europe's largest urban regeneration area, it will provide real opportunities to test and implement low carbon solutions to existing communities and within active development sites around the Gateway, driving economic growth while showcasing and disseminating best practice in delivering sustainable development.

Already the Institute has brought together research expertise in sustainability across the private and public sectors and laid firm foundations for an international network of collaboration – a memorandum of understanding was signed with China in January 2009 and the first phase of the Institute's £40 million Research Centre will open its doors at Dagenham Dock in time for the 2010 Shanghai Expo, as part of a joint international launch of a sister Institute for Sustainability in China.



Rainham Village

Rainham benefits from good rail and road access to central London and has retained an historic village character but needs to be revitalised. LTGDC has purchased the sites necessary to revitalise the village centre with a new transport interchange, public space, library and new housing. Design work on the new transport interchange, library and public realm has commenced, with delivery scheduled to begin in 2010.

Following the decision of Carpetright plc to relocate their operation from a 3 hectare site on the A1306, LTGDC acquired the site with the aim of delivering a mixed use scheme promoting a high quality public realm and building design. Negotiations are in progress with Havering College for them to acquire a large part of the site to accommodate their new construction skills campus, with the remainder for housing development. While plans are developed for this major new scheme, Havering College has leased one of the existing buildings on site and is in the process of refurbishing it for a building trades centre to open in autumn 2009.

In summer 2008, LTGDC completed the first project within a programme of work aimed to benefit local industrial areas. Through a grant to Havering Council, Ferry Lane North was rebuilt and drainage to Rainham Marshes Site of Special Scientific Interest (SSSI) was reconstructed. The finished project has improved access to local businesses and enhanced the habitat of local wildlife.

London Riverside Parkland

Wildspace

Leading a consortium of interests, LTGDC is bringing to life 645 hectares of park and wetlands to form a major visitor destination capable of attracting one million visitors a year.

The first phase, enhancing the Rainham, Wennington and Aveley Marshes (which together form the largest remaining wetlands in the Thames Estuary and a Royal Society for the Protection of Birds (RSPB) protection site), is now complete. LTGDC has funded the construction of a marsh and woodland walks, associated visitor infrastructure and a foot and cycle path linking Rainham to Purfleet through the marshes. The last element in the first phase was the Marshland Discovery Dock which opened in March 2009. LTGDC was the lead funder in this state of the art wildlife discovery centre with activity areas and panoramic windows giving amazing views across the marshland. The facility is expected to welcome over 5,000 school children and 60,000 families a year.

Work has commenced on a second phase of projects to open up the park to a wider audience and incorporate improved pedestrian links across railway lines, SUSTRANS cycle hire facilities and a green 'land train' linking Rainham residents to Wildspace and the River Thames.

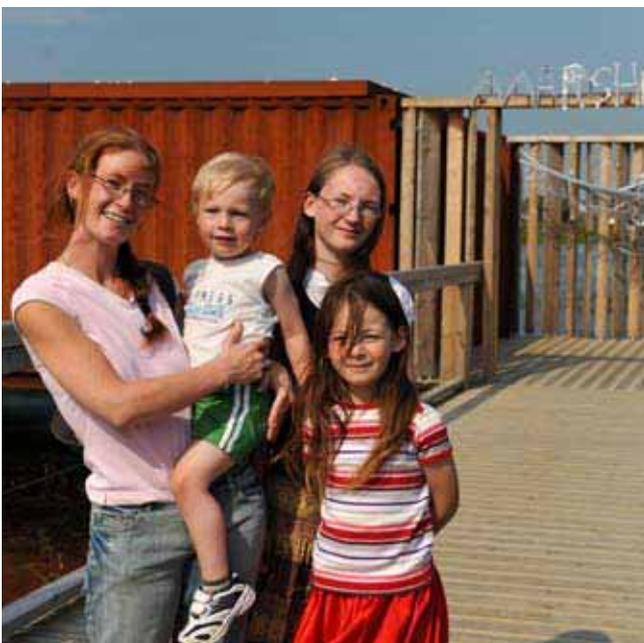
Planning

During the last 12 months, LTGDC received 144 applications and determined 175. Of these 172 were approved. The approvals will deliver 4,572 new homes (an increase of 25% on the previous year) and 3,889 jobs. With only three applications refused (a rate of under 2%) our actions reflect our determination both to support and encourage development in the area. Our robust line on applications that do not accord with relevant policies or are of insufficient quality has been vindicated at public inquiry. Of the four appeals handled during the year, one was dismissed by the Secretary of State and one has been withdrawn by the appellants. Two appeals are still pending.

LTGDC has continued to implement its ground breaking tariff-based Planning Obligations and Community Benefits Strategy (POCBS) during the year, following its formal adoption in March 2008. Agreements are now being concluded with developers in line with the strategy and the first payment of over £1 million was received in early 2009.

However, changed economic conditions have prompted LTGDC to review the strategy and this will conclude in Autumn 2009. The review will be based upon the best research and analysis possible into developing and changing infrastructure needs, sources of matching finance and the financial viability of development. This work will aim to provide close alignment of LTGDC's programme spend with that of other public sector partners and the investment of section 106 funds.

School pupils at Rainham Marshes



Economic Development

The Lower Lea Valley contains the two greatest drivers of economic growth in the Thames Gateway: Canary Wharf and the Olympic Park/Stratford City. These locations are expected to deliver an additional 48,000 jobs in total by 2016.

LTGDC and partners have been working on priority sectors and opportunities for economic growth in the area. These include: London 2012 Olympic opportunities including business tourism, environmental technology, creative and cultural industries, logistics and derived demand such as retail, education and health services which support the continued and significant increase in the residential population.

To capture inward investment interest created by the London 2012 Olympic Games, LTGDC is delivering a marketing suite which overlooks the Olympic Park, and provides 360 degree views of London's major business landmarks including Canary Wharf. After an extensive search, LTGDC acquired four penthouse flats which are being converted into a bespoke high quality facility for local Borough and investment agencies to use for marketing and promotion. The suite will open towards the end of 2009.

Environmental technologies are expected to grow at a phenomenal rate over the next few years and the London Thames Gateway is ideally placed to capture their growth. In the last year we have seen the opening of a number of high profile businesses including Closed Loop, the UK's first reprocessing plant capable of manufacturing food grade plastic packaging. LTGDC is spearheading the development of the London Sustainable Industries Park at Dagenham Dock which will act as a catalyst for environmental technology businesses to locate to east London and is expected to deliver up to 5,000 new jobs. The London SIP will also be home to a research centre for the Thames Gateway Institute for Sustainability. The Institute will be a world class, multi-disciplinary research institute that will support the development of practical solutions for sustainable development and sustainable living.

The creative and cultural industries are a clear and strong economic driver for east London. In places like Hackney they have provided strong definition of place and been a catalyst of change. LTGDC supported a detailed study where culture had been used to define six places in London, with Barking being identified as one of these places. In addition to the CIQ project detailed above, LTGDC has been working closely with the Broadway Theatre to make this a key creative and cultural asset in Barking.

Education and Skills

LTGDC is delivering a series of major education and skills projects in partnerships across the London Thames Gateway, aiming to provide new, modern and high quality facilities. Allied to this, LTGDC acts to ensure that additional skills are in place to support economic growth and provide links for local communities to connect with the new opportunities that are becoming available.

The National Skills Academy for Financial Services, established in 2008 with active support and funding by LTGDC has already helped over 250 pupils find work in the financial services sector. This year detailed business planning started for a National Skills Academy for Retail within the Stratford City Development. Led by Westfield, the proposal is widely supported (by Skillsmart, the London Development Agency, the Learning Skills Council and the London Borough of Newham) and will be important in enhancing local recruitment opportunities for the expected 9,000 retail jobs.

LTGDC has committed 5% of its programme to enhancing BSF (Building Schools for the Future) projects. The first of these projects is Rokeby School which will have an enlarged sports hall and additional health and enterprise facilities for both students and the community when it opens in 2010. LTGDC is also working to deliver St Paul's Way School in Bromley by Bow where funding will deliver a Faraday Project as part of a drive to improve science skills and standards.

Allied to the BSF projects, LTGDC has made £1.5 million available over 3 years to help drive improvements in students' academic standards, aspirations and employability. In addition to major revenue grants to Rokeby and St Paul's Way schools – which have helped to secure specialist status and accelerate improvement plans – another 50 projects have been delivered. A snapshot of these has been included in our magazine *Building a Better Future* published in June 2009.



Personnel

Jim Sneddon's departure from the LTGDC heralded the arrival of a new Development Director, Wayland Pope, who brought to LTGDC a good mix of substantial experience and success in the commercial sector. Regrettably he was head-hunted back into the private sector. We have found an excellent replacement in Steve Oakes who will be joining in the new financial year.

We also welcomed Patrick Edwards to the LTGDC as our new Head of Communications. Patrick has a wealth of experience in media relations, Government and stakeholder relations and public policy and I am confident will provide an imaginative lead in getting the LTGDC's message across.

Our headcount rose from 36 to 38 full-time equivalents (FTE) employees.

The Future

LTGDC and east London generally face challenging times ahead as the consequences of the liquidity and financial market turbulence play out in the real economy. We have seen some early manifestations of these impacts with stalled developments, slower rates of construction and – in some quarters – the enforced hibernation of the private sector until conditions improve.

LTGDC's success in the next financial year will be strongly reliant on our effectiveness in continuing to provide the strong lead required to make regeneration a reality. Urban Development Corporations (UDCs) are uniquely placed in these times to create the right environment – through strategic investments in skills and infrastructure – that can incentivise and drive private sector participation and involvement. The objectives outlined in our Corporate Plan remain in place, but as we approach the halfway point of the three year plan, our priority is to recalibrate our key projects to ensure that we deliver the component of our plans that are essential to instill confidence and involvement of the private sector.

Our approach will see our initiatives to harness the growth in environmental technologies and sustainable industries for east London's benefit bearing fruit with the securing of an investment partner for the London SIP and the emergence of a world class sustainability research centre at Dagenham Dock. The opportunities that the London 2012 Games provides to spotlight east London to the investment community nationally and internationally will receive a welcome addition when our inward investment and marketing suite opens later this year.

Our credentials for town centre renewal and regeneration will be further cemented with the achievement of a major milestone at Canning Town – bringing on board a development partner to deliver one of the most exciting regeneration projects in Europe – and Barking where our Creative Industries Quarter will be central in the deployment of creative industries to drive the regeneration of Barking Town.

The new financial year will also see major strides to join the Lee Valley Regional Park to the mouth of the Thames in the south as our plans for a new park destination, the Lea River Park, move from concept to reality. Our investments in improving public realm will also see a new Stratford High Street emerge as a fitting entry point to welcome the world to the London 2012 Games and the continued opportunities that east London provides.

Summary

LTGDC is more than used to delivering in challenging environments. That's why we were established – to provide the leadership and direction needed to realise the economic potential of east London. Despite the extra challenges posed by the economy we are as focused as ever to deliver even more for east London. As we move into the second year of our 2008-11 programme I am confident that, at its end, we will see the physical evidence of this achievement and the allied benefits that will come with it.



PETER ANDREWS – Chief Executive

BACKGROUND INFORMATION

Statutory Background

LTGDC was established under the provisions of Schedule 26, sections 134 and 135 of the Local Government, Planning & Land Act 1980 to bring about the regeneration of the Lower Lea Valley and London Riverside.

LTGDC came into existence on 26 June 2004 as a result of the London Thames Gateway Development Corporation (Area & Constitution) Order, Statutory Instrument 2004 No.1642, and became operational on the appointment of the Chairman and Board members on 1 November 2004.

LTGDC is the planning authority for relevant applications under the provision of section 149 of the Local Government, Planning & Land Act 1980.

Aims and Objectives of the LTGDC

The aim of LTGDC is to promote and deliver sustainable regeneration and growth of the London Thames Gateway within the context of the national policies set out in the Department for Communities and Local Government's Sustainable Communities Plan, the strategies for the wider Thames Gateway sub-region and the Spatial Development Strategy for Greater London ("London Plan").

LTGDC's statutory objectives are to:

- Bring land and buildings into effective use
- Encourage the development of existing and new industry and commerce
- Create an attractive environment
- Ensure housing and social facilities are available to encourage people to live and work in the area.

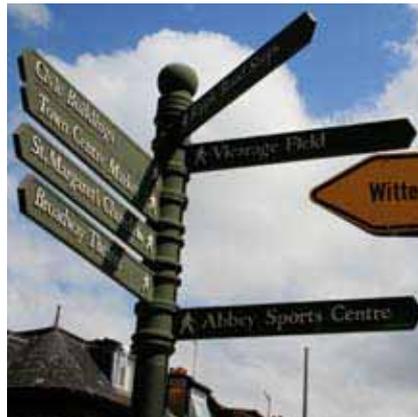
In order to pursue these duties LTGDC has the following powers:

- To acquire, hold, manage, reclaim and dispose of land and other property
- Carry out building and other operations
- Seek to ensure the provision of water, electricity, gas, sewerage and other services
- Generally do anything necessary or expedient to meet this purpose.

LTGDC's Operational Area

LTGDC's designated boundary is split into two areas and includes land in six boroughs – the Lower Lea Valley (London boroughs of Hackney, Newham, Tower Hamlets and Waltham Forest), and London Riverside (London boroughs of Barking and Dagenham, Havering and a different part of Newham).

It is a limited life organisation (10 years), wholly financed by the Department of Communities and Local Government, with a board of directors appointed by the Secretary of State.



CORPORATE GOVERNANCE

Statement of Board and Members' responsibilities

The Chairman and Board members have overall responsibility for the conduct of the business of LTGDC, both for ensuring that it meets the statutory responsibilities and for the quality of its management. This includes responsibility for the stewardship of public funds so as to ensure the highest standard of regularity, propriety and value for money from all financial transactions. Members are responsible, subject only to the directions of the Secretary of State and the advice of the Accounting Officer, for determining LTGDC's strategy and for developing its policies and programmes.

The Financial Memorandum to LTGDC, together with the internal delegations, set out a number of matters that require specific Board and departmental approval and authorisation limits. In addition the Board has agreed a Code of Practice for Board Members based on the Cabinet Office guidance.

LTGDC has formally appointed a Resources Committee, an Audit and Risk Committee and a Planning Committee.

Board Composition and Committee Memberships

The Corporation has been established with a Board of 13 members. It is now chaired by Bob Lane who was appointed on 1 November 2008. Previously, Lorraine Baldry had been the Chairman since 2004 with John Biggs as the Deputy Chair. Lorraine Baldry and John Biggs completed their terms of appointments on 31 October 2008. The Board Chairman is an ex officio member of both the Audit and Risk and Resources Committees.

The Board members provide LTGDC with a strong connection with the principal stakeholders within the local communities, and the private and public sectors.

The Resources Committee of the Board is responsible for approving material and contentious expenditure and advising LTGDC Board on budgets, management systems, financial policies and human resource policies. The Resources Committee met six times between 1 April 2008 and 31 March 2009.

The Audit and Risk Committee of the Board advises the Accounting Officer and the Board on the adequacy of LTGDC's risk management and internal control arrangements. The Audit and Risk Committee met four times between 1 April 2008 and 31 March 2009.

The primary function of the Planning Committee is to be the decision maker on all planning applications to be determined by LTGDC and applications to be considered by the Mayor of London or Secretary of State. It considers, and also advises the Board, on strategic planning and planning policy issues and the preparation of planning and regeneration plans and frameworks within the LTGDC area. It met 11 times between 1 April 2008 and 31 March 2009.

The Executive

The Executive is led by Peter Andrews who is the Chief Executive and Accounting Officer. The Executive is responsible for delivering the strategy set by the Board.



Current Board Members

	Audit	Planning	Resources
Bob Lane (Chairman)	✓		Deputy Chair
Ohid Ahmed	✓		
Sheila Drew Smith			✓
Imtiaz Farookhi	Chair		✓
Ken Giles	✓	■	✓
Stan Hornagold			Chair
Conor McAuley		Chair	
Mick McCarthy		✓	
Guy Nicholson		■	✓
Sylvie Pierce		✓	
Dru Vesty		Deputy Chair	
Michael White	Deputy Chair		
Board Members who left during 2008 – 2009			
Lorraine Baldry	✓	✓	Deputy Chair
John Biggs	✓	✓	Chair
Sid Kallar		✓	
Atul Patel		✓	
John Worthington		✓	✓
Non Board Members			
Paul Clarke (co-opted)	✓		
Alan Clark (co-opted)		✓	
Richard Turner (co-opted)		✓	

■ Denotes reserve member in absence of a member



MANAGEMENT COMMENTARY

Format of the Financial Statements

The Financial Statements for the year to 31 March 2009 have been prepared in accordance with the Direction on the Annual Accounts issued on 30 March 2007 by the Secretary of State, with the consent of HM Treasury and in accordance with paragraph 10(3) of schedule 31 to the Local Government, Planning and Land Act 1980.

Responsibilities of the Accounting Officer

The Accounting Officer for the Department for Communities and Local Government (DCLG) designated the Chief Executive as the Accounting Officer for LTGDC. The Accounting Officer's responsibilities include the signing of LTGDC's Financial Statements and ensuring the propriety and regularity of the public finances for which he is answerable, and the keeping of proper accounting and other records and systems, as set out in the Financial Memorandum to LTGDC.

The Chief Executive, as Accounting Officer, states:

- As far as I am aware, there is no relevant audit information of which LTGDC's auditors are unaware; and
- I have taken all the steps necessary to make myself aware of any relevant audit information and to establish that the LTGDC's auditors are aware of such information.

Employee Relations

LTGDC is an equal opportunities employer. All applicants are given full and fair consideration and are judged on the merit of their qualifications and experience in relation to the particular requirements of the post.

LTGDC aims to promote and maintain good relations with staff through an open management style and with informal and regular consultation at all levels.

LTGDC incurred 82 days of staff sickness absence from its 38 FTEs (see note 16 on page 47) during 2008/09. This equates to an average of 2.2 days per FTE for 2008/09.

Better Payment Practice Code

LTGDC supports the Better Payment Practice Code and aims to pay all undisputed invoices within the due date and wherever possible within 10 working days from the receipt of invoice. For the 12 months to 31 March 2009, 91% of undisputed invoices were paid within the due date.

It is LTGDC's policy to agree the terms of payment with suppliers when contracts are signed and pay invoices in accordance with the contract.

Open Government and Freedom of Information

As a public body, LTGDC is committed to the principles of open government, customer service information provision and value for money.

The Board of LTGDC has agreed to abide by the principles of the Freedom of Information Act 2000, in anticipation of being listed as a body to which the Act applies.

LTGDC has an Information Risk Management Policy, which has been developed using guidelines and best practice from the government. Implementation of the policy began in 2008/09 and is expected to be completed by 2009/10.

Sustainable Development Policy

LTGDC's Sustainable Development Strategy and Policy has been implemented which sets out the environmental, social and economic requirements and standards for developments that LTGDC is promoting.

LTGDC has adopted industry recognised standards as minimum requirements for any development on its sites. The minimum standards for the Code for Sustainable Homes (residential developments) and BREEAM (non-residential developments) have been set to be in line with those set by the GLA, the Homes and Communities Agency (which has taken over the functions of English Partnerships and the investment functions of the Housing Corporation), which are higher than the building regulations. However, LTGDC will look to work with developers to exceed these minimum standards.

Key Performance Indicators

LTGDC has agreed with DCLG that its performance will be measured on the outputs delivered as a result of its project activities. The core output measures are:

- Housing units
- Permanent FTE jobs
- Private sector investment
- Brownfield land remediated
- Commercial floor space
- Green or open space created.

LTGDC has a 10 year life but many of the outputs generated will happen over a longer time frame. The majority of work undertaken by LTGDC in 2008/09 related to the acquisition of strategic sites, enabling local authorities to buy back leaseholds on sites earmarked for demolition, masterplanning studies, feasibility studies and other preliminary work. The investment in 2008/09 will enable LTGDC to deliver against its core output targets in the forthcoming years and ultimately achieve the desired longer term outcomes for the Lower Lea Valley and London Riverside areas.

For 2008/09 LTGDC is able to report the following outputs delivered; delivery of 173 new homes, 107 new/safeguarded jobs, £24 million of private sector investment, 2,877,650 sq m of green and open space refurbished, 6.5 sq m of new commercial floor space, 2.3 hectares of brownfield land remediated. LTGDC also delivered 2.52 km of new and upgraded roads along with 2.75 km of new pedestrian routes.

LTGDC expects the 2008/09 spend to result in the delivery of 4,300 new homes, 950 new jobs, £150 million of private sector investment, 11 hectares of brownfield land remediated, 44,000 sq m of new commercial floor space and 24,500 sq m of green or open space being created by 2016.

Register of Interests

A Register of Interests is maintained by LTGDC which is open to the public and can be obtained from the Deputy Chief Executive.

Auditors

The Comptroller and Auditor General is the statutorily appointed auditor of LTGDC under the Local Government, Planning and Land Act 1980 and the Government Resources and Accounts Act 2000.

The cost of work performed by the auditors in respect of the year ended 31 March 2008/09 was £28,100 which comprises £25,250 in respect of the statutory audit of the 2008/09 financial statements and £2,850 for the International Financial Reporting Standards (IFRS) transition audit.

REMUNERATION REPORT

BOARD MEMBERS' COSTS (Audited)	2009 £	2008 £
Salaries	201,269	209,063
Pension Costs	4,000	11,062
Social Security Costs	15,979	16,051
Total Board Costs	221,248	236,176

Name	Position	2009		2008	
		Salary £'000	Benefits in Kind (nearest £100)	Salary £'000	Benefits in Kind (nearest £100)
Bob Lane	Chairman	15 - 20	—	0	—
Ohid Ahmed	Board Member	10 - 15	—	10 - 15	—
Sheila Drew Smith	Board Member	0 - 5	—	0	—
Imtiaz Farookhi	Board Member	10 - 15	—	10 - 15	—
Kenneth Giles	Board Member	10 - 15	—	10 - 15	—
Stan Hornagold	Board Member	10 - 15	—	5 - 10	—
Conor McAuley	Board Member	10 - 15	—	10 - 15	—
Mick McCarthy	Board Member	0 - 5	—	0	—
Guy Nicholson	Board Member	10 - 15	—	10 - 15	—
Sylvie Pierce	Board Member	0 - 5	—	0	—
Dru Vesty	Board Member	10 - 15	—	10 - 15	—
Michael White	Board Member	10 - 15	—	10 - 15	—
Former Members:					
Lorraine Baldry	Chairman	20 - 30	—	45 - 50	—
John Biggs	Deputy Chair	20 - 30	—	35 - 40	—
Sid Kallar	Board Member	5 - 10	—	10 - 15	—
Atul Patel	Board Member	5 - 10	—	10 - 15	—
John Worthington	Board Member	10 - 15	—	10 - 15	—

Lorrain Baldry – joined LTGDC on 01/11/2004 and left on 31/10/2008
 John Biggs – joined LTGDC on 01/11/2004 and left on 31/10/2008
 Sid Kallar – joined LTGDC on 01/11/2004 and left on 31/10/2008
 Atul Patel – joined LTGDC on 01/11/2004 and left on 31/01/2009
 John Worthington – joined LTGDC on 01/11/2004 and left on 31/01/2009

The Chairman has a time commitment of two days per week. The remaining board members have a time commitment of 3 days per month.

All Board Members have achieved their committed days either through Board meetings, attendance at other ad hoc meetings or other work as required.

The previous Chairman and Deputy Chair are entitled to pension benefits through a scheme operated under broadly the same rules as the Local Government Pension Scheme (LGPS). The scheme is unfunded with benefits being paid as they fall due by the sponsor department. The value of the accrued pension benefits payable to the current Chairman and Deputy Chair as at 31 March 2009 have been calculated by the scheme actuary as £4,000.

The previous Chairman's and Deputy Chair's pension entitlements:

	Lorraine Baldry	John Biggs
Accrued pension and lump sum at age 65 (£k)	0 - 5 (Pension) 5 - 10 (Lump sum)	0 - 5 (Pension) 0 - 5 (Lump sum)
Real increase in pension and related lump sum at age 60	0 - 2.5 (Pension) -2.5 - 0 (Lump sum)	0 - 2.5 (Pension) -2.5 - 0 (Lump sum)
CETV at 31/03/08 (nearest £k)	39	23
CETV at 31/10/08 (nearest £k)	48	28
Real increase in CETV after adjustment for inflation, investment returns and member contributions (nearest £k)	5	2

Staff Costs

Details of the Key Managers emoluments for the year were as follows:

Name	Position	2009		2008	
		Salary £'000	Benefits in Kind (nearest £100)	Salary £'000	Benefits in Kind (nearest £100)
John Allen	Director of Planning	110 - 115	—	100 - 105	—
Peter Andrews	Chief Executive Officer	140 - 145	—	135 - 140	—
Wayland Pope	Director of Development	65 - 75	—	0	—
Ian Short	Deputy Chief Executive	115 - 120	—	105 - 110	—
Jim Sneddon	Director of Development	10 - 15	—	100 - 105	—

Wayland Pope – joined LTGDC on 15/09/2008
 Jim Sneddon – left LTGDC on the 30/04/2008

The information in the table above is audited.

'Salary' includes gross salary; performance pay or bonuses; recruitment and retention allowances and any other allowances to the extent that they are subject to UK taxation.

LTGDC also received the services of Kevin Whittle as Head of Policy from DCLG (seconded from Tower Hamlets Local Authority) for 2008/09. This service has been valued at between £115 - £120k (2007/08 £110k - £114k).

Remuneration levels for the Executive Team were agreed with DCLG at the time of hiring. All changes in remuneration take on recommendations of the Senior Salaries Review Body and are approved by the Board and DCLG.

The annual performance related bonuses of the Executive Team were payable up to 10% of their base salary. Up to 5% is based on personal performance against agreed individual targets as set by the Chief Executive, with a further 5% based on the performance of LTGDC against the deliverables as contained in the annual Business plan. The Chairman and Deputy Chair conducted the review of LTGDC's performance against these targets. All bonus payments are approved by the Board.

Appointments are on open-ended service contracts which do not contain any pre-determined compensation on termination of office. The Senior Management are on three month notice periods with other staff on one or two months notice periods.

Pension Information – Key Managers

	Peter Andrews	Ian Short	John Allen	Wayland Pope	Jim Sneddon
Real increase in pension at age 65 £'000	0 - 3	0 - 3	3 - 6	0 - 3	-1 - 0
Real increase in related lump sum at age 65 £'000	0 - 3	0 - 3	10 - 15	0 - 3	-1 - 0
Accrued annual pension at age 65 at 31 March 2009 £'000	10 - 12	3 - 6	39 - 42	0 - 3	12 - 14
Total accrued related lump sum at age 65 at 31 March 2009 £'000	22.5 - 25	10 - 12.5	115 - 120	0 - 3	37 - 40
CETV At 31 March 2008 – using pay data at 31/3/08 but 2009 transfer factors	129	69	761	0	232
CETV equivalent transfer value at 31 March 2009 £'000	161	49	884	6	229
Real increase in CETV after adjustment for inflation, market conditions £'000	15	-31	77	1.5	-14

The information in the tables above is audited.



PETER ANDREWS –
Chief Executive and Accounting Officer



ACCOUNTING OFFICER'S STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

As Accounting Officer of LTGDC, I have responsibility for maintaining a sound system of internal control that supports the achievement of agreed aims and objectives. I also have responsibility for safeguarding the public funds and LTGDC's assets for which I am personally responsible in accordance with the responsibilities assigned to me in managing public money.

LTGDC, via the Accounting Officer and the Board, works closely with the sponsor department, the Department for Communities and Local Government. These relationships ensure all parties are kept abreast of issues, statutory requirements, Government policy and overall corporate governance.

Accountability Arrangements

The Secretary of State has delegated the responsibility to me for the management of LTGDC. I am accountable both to the Secretary of State and, in my Accounting Officer role, directly to Parliament.

Arrangements for securing accountability within LTGDC are as follows:

The Board

A Board has been appointed by the Secretary of State in accordance with the Code of Practice for Public Appointments Procedures issued by the Commissioner for Public Appointments. Board members' initial appointments vary between one and three years, and the level of their emoluments is set by the Department for Communities and Local Government.

The Board's responsibilities include:

- Setting the overall strategic direction of LTGDC to ensure that regeneration is achieved, while having regard to the need to ensure the highest standards of regularity propriety and value for money in the use of public funds
- Directing LTGDC in the production of the corporate strategy which will make economic and effective use of public funds
- Representing LTGDC in public, promoting its interests and communicating its aims to external stakeholders
- Making full use of any property or commercial experience, special knowledge or other relevant skills of its members in reaching decisions
- Ensuring LTGDC's activities conform with legislative requirements and fulfilling the collective responsibility of the Board for the conduct of LTGDC's business
- Ensuring that LTGDC achieves maximum value for money from its administrative expenditure. Board members are subject to a Code of Practice which is consistent with the Guidance on Code of Practice for Members of Public Bodies published by the Cabinet Office.

I have regular meetings with the Chairman where all relevant risks and control issues are discussed.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to:

- Identify and prioritise the risks to the achievement of LTGDC's policies, aims and objectives
- Evaluate the likelihood of those risks being realised and the impact should they be realised
- Manage them efficiently, effectively and economically.

The system of internal control has been in place in LTGDC for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts and accords with HM Treasury guidance.

Capacity to Handle Risk

As Accounting Officer, I have ultimate responsibility for the risk management process. The responsibility for this process is on an ongoing basis and is included within the terms of reference of the Audit and Risk Committee. The Board has reviewed LTGDC's risk management strategy while the risk register has been regularly reviewed by the Audit and Risk Committee. The risk register is a live document, updated and used by the Executive regularly.

The Risk and Control Framework

The risk and control framework has been developed and includes:

- The identification of risks in relation to the achievement of LTGDC's objectives
- An assessment of their relative likelihood and impact
- LTGDC's response to the risks identified, taking into account its level of tolerance to risk
- The review and reporting of risks, ensuring the risk profile is up to date, to gain assurances that the responses are effective and when further action is necessary.

The framework and the risk register have been evaluated by LTGDC's internal audit team and overseen by the Audit and Risk Committee.

Information Risk Management

It is a requirement to report information risk related incidents to the Information Commissioner's Office. LTGDC has an Information Management Policy, which follows government guidelines on managing information and data. LTGDC is in the process of implementing the Information Management Policy.

LTGDC will monitor and assess its information risk and look to improve the way it is managed, including identifying and addressing any weaknesses in its systems.

The following tables indicate the number of incidents relating to information risk management throughout 2008/09 including incidents surrounding protected personal data.

Summary of protected personal data related incidents formally reported to the Information Commissioner's Office in 2008/09.

Date of incident (month)	N/A
Nature of incident	N/A
Nature of data involved	N/A
Number of people potentially affected	N/A
Notification steps	N/A

Summary of other protected personal data related incidents in 2008/09

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within LTGDC are set out in the table below.

Category	Nature of Incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	0
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	1*
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	0
V	Other	0

* LTGDC did incur one incident of an electronic equipment being stolen from a member of staff outside secured Government premises. However, this electronic equipment was subsequently recovered by the police.

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, and the Executive who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

The Internal Audit included reviews on land and property procedures and a review of the new finance system implementation. I look forward to their further assessment of our controls in 2009/10, as part of a process of continuous improvement.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit and Risk Committee. A plan to address any weaknesses and ensure continuous improvement of the system is in place.

Significant Control Issues

With consideration to the above, there are no significant control issues to report on this occasion.



**PETER ANDREWS –
Chief Executive and Accounting Officer**



AUDIT CERTIFICATE

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament and to the Board of the London Thames Gateway Development Corporation

I certify that I have audited the financial statements of the London Thames Gateway Development Corporation for the year ended 31 March 2009 under the Local Government, Planning and Land Act 1980. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow

Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the London Thames Gateway Development Corporation Board, Chief Executive and auditor

The London Thames Gateway Development Corporation and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Local Government, Planning and Land Act 1980 and Secretary of State directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Local Government, Planning and Land Act 1980 and Secretary of State directions made thereunder. I report to you whether, in my opinion, the information, which comprises the 'Chief Executive's Report', 'Corporate Governance' and the 'Management Commentary', included within the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the London Thames Gateway Development Corporation has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the London Thames Gateway Development Corporation's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the London Thames Gateway Development Corporation's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the 'Foreword by Chairman', the 'Background Information' and the unaudited parts of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the London Thames Gateway Development Corporation and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the London Thames Gateway Development Corporation's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- The financial statements give a true and fair view, in accordance with the Local Government, Planning and Land Act 1980 and directions made thereunder by the Secretary of State, of the state of the London Thames Gateway Development Corporation's affairs as at 31 March 2009 and of its net expenditure, recognised gains and losses and cashflows for the year then ended
- The financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Local Government, Planning and Land Act 1980 and Secretary of State directions made thereunder
- Information, which comprises the 'Chief Executive's Report', 'Corporate Governance' and the 'Management Commentary', included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

AMYAS C E MORSE

Date: 9 July 2009

Comptroller and Auditor General

National Audit Office

151 Buckingham Palace Road

Victoria

London

SW1W 9SS

FINANCIAL STATEMENTS

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2009

The notes on pages 37 to 53 form an integral part of these annual accounts

	Notes	2009 £'000	2008 £'000
Operating income	4	2,259	3,047
Total Income		2,259	3,047
Capital Project expenditure	3a	17,701	34,892
Administration expenditure	3b	21,253	9,359
Staff costs	16	2,348	2,831
Revenue Project expenditure	3b	617	724
Total Operating Expenditure		41,919	47,806
Net Operating Cost		(39,660)	(44,759)
Interest	4	106	38
Notional cost of capital	5	(1,187)	(733)
Net Expenditure on ordinary activities before taxation		(40,741)	(45,454)
Taxation	20	2	24
Net Expenditure on ordinary activities after taxation		(40,743)	(45,478)
Add back notional cost of capital	5	1,187	733
Net Expenditure for the period		(39,556)	(44,745)

All activities above derive from continuing operations.

Note: The Net Expenditure shown above is due to the accounting treatment of Government Grant in Aid funding received by LTGDC. Grant in Aid receipts are no longer treated as income in the annual accounts process but as a financing flow. These receipts are now credited directly to the General Reserve on the balance sheet.

STATEMENT OF RECOGNISED GAINS AND LOSSES

The notes on pages 37 to 53 form an integral part of these annual accounts

	2009 £'000	2008 £'000
Actuarial Pension (Loss)/Gain	(351)	989
Revaluation movement – Development Assets (note 6)	(48)	(293)
Gains and Losses since last Annual Report	(399)	696
Reconciliation:		
Grant in Aid credited to reserves – Note 2	50,000	44,000
Income and Expenditure net operating cost for the year	(39,556)	(44,745)
VAT adjustment on fixed asset	0	(10)
Total Movement	10,045	(59)

BALANCE SHEET AS AT 31 MARCH 2009

The notes on pages 37 to 53 form an integral part of these annual accounts

	Notes	2009 £'000	2008 £'000
Fixed assets			
Tangible assets	7	1,952	572
Intangible assets	7	2	14
		1,954	586
Debtors			
Amounts falling due more than one year	8	0	3
Current assets			
Stock of Development Assets	6	48,089	45,011
Debtors: Amount falling due within one year	8	1,604	397
Cash at Bank and in hand	17	10,079	26,439
Total current assets		59,772	71,847
Creditors			
Amounts payable within one year	9	16,231	37,889
Total Liabilities		16,231	37,889
Net current assets		43,541	33,958
Total assets excluding pension liabilities		45,495	34,547
Pension surplus / (Deficit)	21	(236)	113
Chair's pension liability		(69)	(66)
Provisions	22	(552)	0
Total assets less total liabilities		44,638	34,594
Reserves			
Pension reserve	21	(236)	113
General grant reserve	10	44,798	34,357
Revaluation reserve	11	76	124
Total capital employed		44,638	34,594

Signed by the Accounting Officer
PETER ANDREWS



Date: 9 July 2009

Chairman **BOB LANE**
On behalf of the Board



Date: 9 July 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

The notes on pages 37 to 53 form an integral part of these annual accounts

	Notes	2009 £'000	2008 £'000
Net cash outflow from operating activities	(i)	(29,675)	(25,527)
Returns on investments and servicing of finance			
Interest received		106	38
Taxation		0	0
Capital expenditure			
Payments to acquire fixed assets		(1,627)	(133)
Payments to acquire development assets		(35,164)	(13,996)
Financing	(ii)		
Grant in Aid		50,000	44,000
(Decrease)/Increase in cash in the period	(iii)	(16,360)	4,382

NOTES TO THE CASH FLOW STATEMENT FOR YEAR ENDED 31 MARCH 2009

The notes on pages 37 to 53 form an integral part of these annual accounts

	2009 £'000	2008 £'000
(i). Reconciliation of net operating cost to net cash outflow from operating activities		
Net Operating Cost for the financial year	(39,660)	(44,759)
Adjustment for non-cash transactions:		
Depreciation charges and revaluation provisions	15,922	4,257
Decrease/(Increase) in debtors	(1,204)	2,342
Decrease/Increase in creditor amounts payable within one year (see creditors reconciliation below)	(5,286)	12,548
Increase in pension liabilities	1	85
Increase in provisions	552	0
Net cash outflow from operating activities	(29,675)	(25,527)
Creditor's reconciliation		
Creditor balance – amounts payable within one year	16,231	37,889
Previous years Creditor balance	(37,889)	(18,996)
Movement	(21,658)	18,893
Corporation Tax accrual	(2)	(24)
Development Asset accrual – current year	(640)	(17,014)
Fixed Asset accrual – current year	(9)	(9)
Development Asset accrual – previous year	17,014	10,679
Fixed Asset accrual – previous year	9	24
Increase in creditor amounts payable	(5,286)	12,548
(ii). Analysis of financing		
Grant in Aid and revenue Grant received from DCLG	50,000	44,000
(iii). Reconciliation of net cash flow to movement in net funds		
Cash at bank and in hand at end of the year	9,579	6,243
Cash held by third parties	500	20,127
Cash in transit	0	70
Less: Cash at bank and in hand at beginning of year	(26,439)	(22,058)
Increase in cash in the year	(16,360)	4,382

1. ACCOUNTING POLICIES

Basis of Accounting

The annual accounts of the LTGDC are drawn up in accordance with a direction given by the Secretary of State with consent of HM Treasury, a copy of which is included from page 56.

The financial statements are prepared in accordance with generally accepted accounting practice in the United Kingdom (UK GAAP) and the Companies Act requirements, the disclosure and accounting requirements contained in HM Treasury's Fees and Charges Guide, and the accounting and disclosure requirements given in Managing Public Money and in the Financial Reporting Manual (FRM), insofar as these are appropriate to the London Thames Gateway Development Corporation and are in force for the financial year for which the statements are prepared. The financial statements are prepared under the modified historical cost convention by the inclusion of fixed assets at their value to the business by reference to current costs.

Grants and Grant in Aid

LTGDC's activities are funded by way of grants provided by the Department for Communities and Local Government (DCLG), to cover expenditure incurred in meeting LTGDC's objectives.

Grant in Aid and grant received used to finance activities and expenditure which support the statutory and other objectives of LTGDC are treated as financing and are credited to the General Reserve, because they are regarded as contributions from a controlling party.

Grant relating to capital expenditure used to acquire specific capital items is credited to a government grant reserve. It is released to expenditure over the expected useful life of the asset it has been used to acquire and an equal amount transferred from the government grant reserve is released to Income.

During 2008/09 LTGDC received only Grant in Aid contributions.

Tangible Fixed Assets

Tangible fixed assets comprise furniture, fixtures and fittings, carpets and office equipment. Assets are valued at depreciated historic cost, which is not materially different from depreciated replacement cost. It is LTGDC's policy to capitalise individual items where related expenditure exceeds £2,500. Individual items below this value are expended to the Income and Expenditure Account during the period when incurred.

Intangible Fixed Assets

Intangible assets, consisting of software licenses, are valued at amortised historic cost which is not materially different from amortised replacement cost.

Depreciation

Depreciation is provided to write off the cost of tangible fixed assets and intangible assets on a straight line basis over their expected useful lives at the following rates:

Tangible Fixed Assets:

Computer Equipment and non bespoke software development costs – three years
Furniture and Fittings – seven years

Intangible Fixed Assets:

Software Licences and bespoke software development costs – three years

Stock of Development Assets

Development assets, consisting of land and buildings, are shown at the lower of estimated replacement cost and estimated net realisable value. Any resulting write offs of these properties to open market value are accounted for annually and separately identified in the income and expenditure account. Any surplus on revaluation of these properties to open market value, and subsequent adjustments thereto, are credited to the Revaluation Reserve after eliminating the overall accumulated unrealised deficit, as originally charged, by revaluation adjustment, to the Income and Expenditure Account (write-back).

Valuations are carried out in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors. The assets were valued at 31 March 2009 by an internal member of staff who is a qualified General Practice RICS Surveyor. Given the prevailing economic conditions, an independent Chartered Surveyor's valuation was also obtained to validate the numbers. Drivers Jonas, Chartered Surveyors carried out the desktop valuation exercise.

Cost of Capital

LTGDC is required to charge a notional cost of capital against the income and expenditure account to ensure it bears an appropriate charge for the use of capital in the business in the year. The charge is set at a rate of 3.5% of average net assets. After the surplus or deficit for the year reported in the Income and Expenditure Account there is an entry reversing this amount.

Deferred Taxation

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded, as more likely than not that they will be recovered. Deferred tax assets and liabilities have not been discounted.

Pensions

LTGDC staff that are on permanent contracts are entitled to join the Local Government Pension Scheme (LGPS) which is administered by the London Pension Fund Authority. Annual actuarial valuations are sought for this scheme and the costs are accounted for in accordance with FRS17 "Retirement Benefits" as disclosed in Note 21.

Operating Leases

Operating lease rentals payable are accounted for in the Income and Expenditure Account on a straight line basis over the term of the lease.

Value Added Tax

LTGDC is registered for VAT. It has agreed a VAT recovery position and is able to recover some input VAT charged on goods and services received. This partial recovery VAT calculation depends upon the split of expenditure between grants given and the amount spent on acquisition of sites. Full VAT recovery is made on sites that have been "opted to tax" whilst no VAT is recovered on planning activities or spend related to grants.

Financial Assets and Liabilities

LTGDC classifies its non-derivative financial assets as Loans and Receivables. Financial assets and liabilities are recognised at fair value (the transaction price plus any directly attributable transaction costs).

Financial Instruments

LTGDC does not use financial instruments such as swaps and options, or hedging facilities such as cashflow or fair value hedges.

Planning Fee income and Related planning expenditure

Large strategic planning applications that are within LTGDC's development area are dealt with by LTGDC. Planning applications have a statutory planning fee charge (under the relevant legislation) which is payable by the applicant. Planning Fees are payable by the applicant at the time of submitting a planning application and exclude VAT.

Local Authorities assist LTGDC by undertaking the administrative tasks associated with these large planning applications. Local Authorities charge LTGDC for providing this service. Their charges to the LTGDC reflect the amount of planning application fee that is payable by the applicant.

The amount of Fee which is recognised as income by LTGDC, is based on a percentage estimate of how far the planning application has progressed within the planning decision stage. This percentage estimate is applied to individual planning fees above £5,000. Any individual amounts below £5,000 are recognised in full. The LTGDC planning department calculate the estimate of how far the planning application has reached.

Any unrecognised income is treated by LTGDC as deferred income and shown in the balance sheet. Any deferred income will be matched to the related expenditure (in the Income and Expenditure account) at a later date, once the planning decision has been determined.

Related planning expenditure relates to the planning work done by the Local Authorities and also includes the VAT charged. The expenditure is recognised by LTGDC (in the Income and Expenditure account) on a matching basis to the income recognised.

Section 106 Planning Agreements

The power of LTGDC as local planning authority to enter into planning obligation with an owner of land in its area is set out in section 106 of the Town and Country Planning Act 1990 (as amended). LTGDC as the local planning authority for strategic applications can enter into section 106 planning agreements when determining planning applications. LTGDC recognises section 106 contributions as income only when the related expenditure is incurred. Until that time any section 106 contributions are treated as deferred income and shown in the balance sheet.

2. GRANT-IN-AID

Grant-in-aid is receivable from DCLG to fund revenue expenditure, the purchase of tangible fixed assets and capital projects.

	2009 £'000	2008 £'000
Grant in aid received from DCLG	50,000	44,000
Total Grant in aid receivable	50,000	44,000

No other grants were received from other government departments or from EC funds.

LTGDC utilised the Grant-in-aid received during the year in the following way:

- Payments to acquire development assets of £35,164,000 and to acquire fixed assets of £1,629,000 (see cashflow statement)
- At the Balance Sheet date, cash amounting to £10,079,228 was being held (see note 17).

3. OPERATING EXPENDITURE

	2009 £'000	2008 £'000
a. Capital Project Expenditure which comprises		
Capital Grants to Local Authorities	8,168	12,987
Capital Grants to Other Bodies	3,517	19,689
Other Capital project expenditure	5,604	2,216
Development staff time	412	0
	17,701	34,892
b. Administration Expenditure which comprises		
Board Members' Costs	221	236
Travel, Hospitality and Subsistence	54	39
Board and Staff Training, Conferences	86	294
Accommodation and other rental costs	300	280
IT Expenditure	182	235
Consultancy Fees		
– Strategy consultancy	237	568
– Planning Policy Documents	117	368
– Planning Support	1,237	646
Legal, Accountancy and Professional Fees	543	1,043
Publications, Events and Publicity	340	352
External Auditors Remuneration (Statutory fee)	25	23
External Auditors Remuneration (IFRS Compliance fee)	3	0
Internal Auditors Remuneration	18	7
Provisions (Note 22)	552	0
Depreciation and Amortisation costs (Note 7)	259	179
Planning Fees (Including VAT)	746	738
Estate Management costs	674	121
Development Assets Write Off (Note 6)	15,663	4,078
Bad debts	(4)	15
VAT adjustment	0	137
	21,253	9,359
Staff Salaries (Note 16)	2,263	2,748
Additional Pension Costs – FRS17 (Note 16)	(2)	69
Agency and Temporary Staff (Note 16)	87	14
	2,348	2,831
Project revenue costs	617	724
	24,218	12,914

The reduction in 3(a) capital project expenditure between 2008 and 2009 was due to a significant reduction in capital grants which were mainly related to Canning Town and Olympic Arc/Silvertown Way projects (see Analysis of Capital

Grant Expenditure – overleaf). The increase in 3(b) administration expenditure between 2008 and 2009 was due to the significant increase on development asset write-offs (see note 6).

Analysis of Capital Grant Project Expenditure

Local Authority	Project	2009 £'000	2008 £'000
LB of Newham	Canning Town	4,480	10,254
LB of Newham	Olympic Arc	140	0
LB of Barking & Dagenham	Barking Town	1,700	153
LB of Havering	Rainham Village	878	2,580
LB Tower Hamlets	Bromley by Bow	920	0
LB of Waltham Forest	Olympic Arc	50	0
Total Local Authority		8,168	12,987

Supplier	Project	2009 £'000	2008 £'000
British Waterways	Prescott Lock	25	2,205
London Development Agency	Olympic Arc/Silvertown Way & Ailsa Street	4	14,467
RSPB	London Riverside Parklands (Wildspace)	245	764
DLR Ltd	Olympic Arc	10	0
Leaside Regeneration	Olympic Arc	21	0
London International Festival of Theatre	LIFT	186	638
Transport for London	Barking Town	2,912	1,615
Poplar Harca	Bromley by Bow	114	0
Total		3,517	19,689

The change in capital grant project expenditure between 2008 and 2009 is reflective of LTGDC's programme of projects which is not uniform for each area and varies on an annual basis. The major differences are:

- A reduction in spend in Canning Town. In 2008 there was significant funding related to activities such as construction of The Place, along with demolition and refurbishment of tower blocks. However, in 2009 funding was mainly related to leasehold buy back activity.
- A significant reduction of grant funding for Olympic Arc/Silvertown Way and Ailsa Street projects. The LTGDC funded the Silvertown Way Compulsory Purchase Order (CPO) project in 2008. This 2008 funding concludes the LTGDC financial contribution.

4. INTEREST AND OPERATING INCOME

	2009 £'000	2008 £'000
Rental income	191	836
Contributions	1,417	869
Planning Application Fees Received	642	628
Recharges	9	19
Prior year VAT	0	695
	2,259	3,047
Bank Interest Received	106	38
	2,365	3,085

Rental Income is receivable under operating leases. This relates to four sites as follows:

Area	Amount £
West Rainham	81,370
Rainham Broadway	19,535
Barking	5,496
West Dagenham	84,269
	190,670

Contributions (Grants) were received as follows:

Contributors	Area	Amount £
London Development Agency	London Riverside Area	30,200
	Lea River Park	68,137
	Bromley by Bow Connections	37,789
English Partnerships (HCA)	Poplar Riverside	25,000
	Area Action Plan	56,265
	LR Sustainable Logistics	25,000
Rail for London	LR Sustainable Logistics	25,000
Department for Communities and Local Government (DCLG)	Planning Performance	50,000
LB of Newham	Canning Town	903,969
Transport for London	A12 Study	45,000
LB of Hackney	Hackney Wick & Fish Island	54,457
LB of Tower Hamlets	Hackney Wick & Fish Island	54,457
	Bromley by Bow Connections	30,000
Design for London	Chrip Street Link	36,679
		1,416,953

The following analysis of 2009 planning fees is provided for fees and charges purposes, not for SSAP 25 purposes.

Area	Amount Recognised 08/09	Amount b/f (from 07/08 deferred income)	Income (as shown)	Related Expenditure, Inc accruals and VAT (see note 3)	Deficit
LB of Havering	£64,617	£2,955	£67,572	£79,004	(£11,432)
LB of Barking and Dagenham	£121,703	£0	£121,703	£140,593	(£18,890)
LB of Newham	£389,542	£0	£389,542	£452,710	(£63,168)
LB of Tower Hamlets	£62,810	£0	£62,810	£73,422	(£10,612)
Total	£638,672	£2,955	£641,627	£745,729	(£104,102)

Planning Fee income relates to the statutory charge payable by applicants for making large, strategic planning applications which fall within LTGDC's geographical area. Fees are payable at the time of making a planning application. Planning Fees are determined by government legislation which is contained in the Town and Country Planning Regulations 2005.

The responsibility for determining large, strategic planning applications within the LTGDC area rests with LTGDC. Local Authorities provide a planning service to LTGDC to enable and assist them to determine planning applications and to carry out any other planning functions which have been bestowed upon LTGDC. Planning Application Fees are

intended to cover the costs involved in dealing with each type of planning application. (See Accounting Policies for LTGDC's recognition of Planning Fee income and expenditure).

Planning fees exclude VAT (as it is a statutory charge). Related planning services provided by the Local Authorities to LTGDC are subject to VAT.

The deficit on planning relates to the amount of VAT charged. All Planning applications have been dealt with under the due processes as laid down in the planning legislation. Some decisions are currently under appeal to the Secretary of State.

5. NOTIONAL COST OF CAPITAL

	2009 £'000	2008 £'000
At 3.5% on average of total assets less total liabilities during the period	1,187	733

6. STOCK OF DEVELOPMENT ASSETS

	2009 £'000	2008 £'000
Opening balance	45,011	29,050
Additions	18,789	20,332
Revaluations – write offs	(15,663)	(4,078)
Revaluations – written down	(48)	(293)
Closing Balance	48,089	45,011

Development Assets Write Offs occur as a result of the annual valuation (note 1). In 2009, LTGDC's assets were subject to a considerable write off reflecting the prevailing market and economic conditions. These were incurred on all but one of the sites owned by LTGDC. Significant write offs

were incurred at the following sites: West Rainham £6m and West Dagenham £3m. If in future market and economic conditions improve and the LTGDC still own these Development Assets, it could result in a revaluation write-back (note 1).

7. TANGIBLE FIXED ASSETS

Cost	Land and Buildings £'000	Furniture and Fittings £'000	Software and Computer Equipment £'000	Total £'000
At 1 April 2008	0	671	265	936
Additions	1,492	19	116	1,627
At 31 March 2009	1,492	690	381	2,563
Depreciation				
At 1 April 2008	0	226	138	364
Charge for year	53	98	96	247
At 31 March 2009	53	324	234	611
Net Book Value				
At 31 March 2009	1,439	366	148	1,953
At 31 March 2008	0	445	127	572

Software and computer equipment includes amounts expended on non-bespoke IT software development. Furniture and Fittings. Land and Buildings additions are

related to the acquisition of the Inward Investment Centre. This property was acquired in March 2009 for £1.5 million.

Intangible fixed assets

Cost	Software Licences £'000
At 1 April 2008	41
Additions	0
At 31 March 2009	41
Amortisation	
At 1 April 2008	27
Change for year	12
At 31 March 2009	39
Net Book Value	
At 31 March 2009	2
At 31 March 2008	14

8. DEBTORS

	2009 £'000	2008 £'000
Amount falling due within one year		
Planning Fees Recoverable	45	1
Trade Debtors	899	265
VAT	243	68
Prepayments	428	78
Bad debt reserve	(11)	(15)
	1,604	397
Amount falling due in more than one year		
Trade Debtors	0	3
	0	3

	2009 £'000	2008 £'000
DEBTORS – INTRA-GOVERNMENT BALANCES		
Debtor falling due within one year		
Balances with other central government bodies	369	79
Balances with local authorities	450	97
	819	176
Balances with bodies external to government	785	221
	1,604	397
Debtors falling due more than one year		
Balances with bodies external to government	0	3
	0	3

9. CREDITORS

	2009 £'000	2008 £'000
Amounts falling due within one year		
Trade Creditors	63	0
Accruals	11,820	36,798
Deferred Income	4,273	994
Other tax and social security costs	75	97
	16,231	37,889

	2009 £'000	2008 £'000
CREDITORS – INTRA-GOVERNMENT BALANCES		
Creditors due within one year		
Balances with other central government bodies	1,710	11,236
Balances with local authorities	5,182	6,270
Balances with public corporations and trading funds	0	2
	6,982	17,508
Balances with bodies external to government	9,339	20,381
	16,231	37,889

10. GENERAL GRANT RESERVE

	2009 £'000	2008 £'000
CREDITORS – INTRA-GOVERNMENT BALANCES		
Opening Balance	34,357	35,043
Grant in Aid received from DCLG	50,000	44,000
Net Expenditure	(39,556)	(44,745)
Fixed Assets revaluation	0	(10)
Net Operating Cost – transfer to Pension reserve	(2)	69
	44,799	34,357

11. REVALUATION RESERVE

	2009 £'000	2008 £'000
CREDITORS – INTRA-GOVERNMENT BALANCES		
Opening Balance	124	417
Revaluation movement – Development Assets	(48)	(293)
	76	124

12. MOVEMENT ON RESERVES

	General Reserve £'000	Revaluation Reserve £'000	Pension Reserve £'000	Total £'000
At 1 April 2008	34,357	124	113	34,594
Net Expenditure	(39,556)	0	0	(39,556)
Grant in Aid received towards resource expenditure	50,000	0	0	50,000
Revaluation movement	0	(48)	0	(48)
Actuarial Gain / (Loss) Recognised in SRGL	0	0	(351)	(351)
Income and Expenditure deficit – transfer to Pension reserve	(2)	0	2	0
At 31 March 2009	44,799	76	(236)	44,639

13. STATEMENT OF LOSSES AND SPECIAL PAYMENTS

LTGDC had no special payments or losses during the year.

14. CONTINGENT LIABILITIES

The Development site known as Land at Broadway/Ferry Lane has been valued as at 31 March 2009 at £500,000. This is based on the assumption that the site can be developed for a mixed used residential-led scheme including community uses and a public transport interchange. If the site was developed in this manner (subject to planning approval), and can achieve a value above £560,000 then

a clawback provision would apply. The clawback arrangement, agreed as part of the original purchase of the site, only applies if certain conditions are met in addition to the £560,000 valuation. No final decision about the use of this land has been made by LTGDC. Given the current valuation, no provision for any clawback has been made in the financial statements for 2008/09.

15. CAPITAL COMMITMENTS

As at 31 March 2009, the Capital Commitments that LTGDC had authorised and contracted for were as follows:

Organisation	Project	Amount £'000
Urban Practitioners	Sugar House Lane	24
SQW	Rainham Library	16
Atkins	Barking interchange Masterplan	150
Biggar Economic	Lea River Park	18
Latz and Partners	Lea River Park	221
Driver Jonas	Lea River Park	106
Northcroft	Lea River Park	47
Eversheds	Creative Industries Quarter	60
DLA Piper	Creative Industries Quarter	80
GVA Grimley	Creative Industries Quarter	50
Total		772

As at 31 March 2009 LTGDC had outstanding agreed grant contracts amounting to:

Organisation	Project	Amount £'000
London Borough of Newham	Demolition Phase 2 and 3	1,340
DLR	DLR Stratford High Street project	81
Leaside Regeneration	Floating Towpath	512
London Borough of Newham	LBN Stratford High Street project	307
Poplar Harca	Currie-Dunkeld Demolition	405
TfL	ELT Phase 1A	582
Total		3,227

These amounts have not been included in the income or expenditure in the current year.

16. STAFF COSTS AND RELATED PARTY TRANSACTIONS

Staff Costs	2009 £'000	2008 £'000
Full Time Staff Costs	2,137	1,990
Full Time Staff Social Security Costs	214	187
Full Time Staff Pension Current Service Costs	207	179
Seconded Staff	117	114
Contract Staff	0	278
	2,675	2,748
Development Staff Time	(412)	0
	2,263	2,748
Additional Pension Costs – FRS17	(2)	69
Agency and Temporary Staff	87	14
Total staff costs	2,348	2,831

At 31 March 2009 no employees of LTGDC had received a loan from LTGDC, other than travel season ticket loans. The balance owing on season ticket loans at 31 March 2009 was £13,363 relating to 11 members of staff (2008 balance was £9,639, 8 staff members).

LTGDC employed the following full time equivalent (fte) staff during the year:

Permanent staff – 38.09 fte (36.28 fte 2007/08)
 Seconded staff – 2.25 fte (1.0fte 2007/08)
 Contract, Agency and temporary staff – 2.49 fte
 (2.58 fte 2007/08)

Details of board members costs and costs of key managers can be found in the remuneration report on pages 22 and 23.

Related Party Transactions

LTGDC is a Non-Departmental Public Body sponsored by the DCLG, which is regarded as a related party, as are the other entities which DCLG sponsors. The Local Government Pension Scheme (LGPS), which is administered by the London Pension Fund Authority, is also regarded as a related party.

During 2008/09, LTGDC assisted in the set up of The Thames Gateway Institute for Sustainability (TGIFS). The TGIFS is a charitable company. It was incorporated in March 2009. No payments were made to the TGIFS in 2008/09.

During the year the following payments were made to related parties:

Organisation	Amount Paid	Amount Accrued	Nature of transactions	Related Party Connection	LTGDC Position
BT Group	£654	£0	Rental charges	Mick McCarthy	Board Member
Centre for Engineering and Manufacturing Excellence	£791	£16,421	Room hire	Michael White	Board Member
LB of Barking and Dagenham	£1,809,379	£169,450	Planning expenditure, Rates, Capital grants (projects)	Mick McCarthy Sid Kallar	Board Member
LB of Havering	£1,944,102	£853,451	Planning expenditure, Rates, Capital grants (projects)	Michael White	Board Member
LB of Newham	£6,965,364	£2,539,504	Planning expenditure, Rates, Capital grants (projects)	Conor McAuley	Board Member
LB of Tower Hamlets	£166,323	£311,921	Office rates, Planning expenditure, Capital grants (projects) and Seconded costs	Ohid Ahmed	Board Member
LB of Hackney	£120	£0	Conference	Guy Nicholson	Board Member
SEEDA	£12,512	£0	Contribution re: OFFPAT	Imitiaz Farookhi	Board Member
Stratford Renaissance Partnership	£62,000	£0	Partnership grant aiding, Contribution towards Economic Visioning Study	Conor McAuley	Board Member
Leaside Regeneration Ltd	£7,050	£0	Planning consultancy works, Capital grants (projects)	John Biggs	Deputy Chair
DCLG	£17,053	£12,816	Internal audit cost and IT recharges	Sponsor dept	Sponsor Dept
PriceWaterhouse Coopers LLP	£9,275	£12,260	Tax services	Paul Clarke	Audit and Risk Committee Member
LPFA	£1,423	£0	Pension reports	Via sponsor dept	Pension provider
Institute for Sustainability	£0	£0	None	LTGDC	Member

17. FINANCIAL INSTRUMENTS

Under Treasury Guidance, the provisions of Financial Reporting Standard 25 and 26 are deemed to apply to LTGDC. Under those provisions disclosures are required in respect of the financial instruments (financial assets and financial liabilities) maintained by LTGDC, the risks associated with them and LTGDC's approach to that risk.

Except for short term debtors and creditors the only financial instrument maintained by LTGDC is cash held on current account.

Financial Assets by category

Financial Assets per balance sheet	Loans and Receivables £'000
Cash at bank and in hand	10,079
Trade Debtors	899
Total	10,978

The above figures exclude statutory debtors which related to VAT from HM Revenue and Customs. None of the Financial Assets have been subject to impairment.

At the Balance Sheet date the cash balances were £10,079,228 (2007/08 – £26,439,478) which comprised:

Cash balance held at Office of HM Paymaster General – £5,964,858.79 (2007/08 – £5,455,281.48)

Cash balance held at HSBC – £3,614,369.26 (2007/08 £787,886.09)

Cash held at solicitors – £500,000 (Pending site acquisition) (2007/8 – £20,126,580)

Cash in transit – £nil (2007/08 – £69,730) relating to a planning fee application

There was no cash in hand. The LTGDC has no borrowings and relies primarily on departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

An analysis of the ageing of the non-impaired trade debtors as at 31 March 2009 is shown below.

	0-30 days £'000	30-60 days and over £'000	Total £'000
Trade Debtors	621	278	899

Financial Liabilities by category

Financial Assets per balance sheet	Loans and Receivables £'000
Trade creditors	63
Accruals	11,820
Total	11,883

The above figures exclude statutory debtors which related to Tax and Social Security due to HM Revenue and Customs. All of the liabilities are payable within one year.

Credit Risk

LTGDC's financial assets include bank balances and trade receivables. These represent LTGDC's maximum exposure to credit risk in relation to financial assets. The credit risk is primarily attributable to its trade receivables.

Hedging

LTGDC does not partake in any hedging related transactions.

18. OPERATING LEASES

As at 31 March 2009, LTGDC was committed to making the following annual rental payments in respect of the following:

	Land and Buildings £'000	Other £'000
Operating lease expiring between 1-5 years	123	1
After 5 years	0	0
	123	1

Land and buildings relates to the office space in London whilst other relates to hire of the franking machine. LTGDC had no finance leases during the period.

19. POST BALANCE SHEET EVENT

LTGDC's financial statements are laid before the Houses of Parliament by the Secretary of State of Communities and Local Government. FRS 21 requires LTGDC to disclose the date on which the accounts are authorised for issue. This is the

date on which the certified accounts are despatched by LTGDC's management to the Secretary of State of Communities and Local Government. The authorised date for issue is 9 July 2009.

20. TAXATION

	2009 £'000	2008 £'000
Current year taxation charges	2	14
Taxation charges relating to previous years	0	10
Released to income and expenditure	2	24

Deferred Tax

There is no deferred tax liability for 2008/09. However, LTGDC estimate that a deferred tax asset of £12,183 is applicable as at 31 March 2009. This has been calculated at a tax rate of 21% and relates mostly to accelerated capital allowances.

This deferred tax amount is subject to the change in staff split (between taxable and non-taxable activities) in future periods which is the basis for the corporation tax calculation. All the tax amounts are still subject to confirmation from HMRC.

21. DEFINED BENEFIT PENSION SCHEME

Pension Reserve

	2009 £'000	2008 £'000
Opening Balance	113	(807)
Pension Reserve adjustment	0	0
Actuarial (Loss)/Gain Recognised in SRGL	(351)	989
Income and Expenditure deficit – transfer to Pension reserve	2	(69)
Closing Balance	(236)	113

Most of LTGDC's employees belong to the Local Government Pension Scheme, a defined benefit statutory pension scheme. The most recent full actuarial valuation of that scheme was undertaken on 31 March 2008, however in

order for LTGDC to ascertain its own actuarial liabilities under the scheme, a valuation for FRS 17 purposes was undertaken as at 31 March 2009. The following financial information and statistical data has been compiled in accordance with FRS 17 requirements:

Financial Assumptions

The financial assumptions used for the purposes of the FRS 17 calculations as at 31 March 2009 and 31 March 2008 are shown in the table below:

Assumptions as at	31 March 2009 (% p.a.)	31 March 2008 (% p.a.)
Inflation/Pension Increase Rate	3.1%	3.6%
Salary increase rate	4.6%	5.1%
Expected Return on Assets	6.4%	7.0%
Discount rate	6.9%	6.9%

Fair Value and Expected Return on Assets

The expected return on assets is based on the long term future expected investment return for each asset class at the beginning of the period (i.e. as at 31 March 2009). The expected returns as at 31 March 2009 and 31 March 2008 are shown in the table below:

Asset Class	Expected Return at 31 March 2009 (% p.a.)	Asset Class	Expected Return at 31 March 2008 (% p.a.)
Equities	7.0%	Equities	7.5%
Target return funds	5.5%	Target return funds	6.3%
Alternate assets	6.0%	Alternate assets	6.7%
Cash	4.0%	Cash	4.8%

Balance Sheet

Net Pension Asset/(Liability) as at	31 March 2009 £'000	31 March 2008 £'000
Estimated Employer Assets	1,921	2,075
Present Value of Scheme Liabilities	(2,157)	(1,962)
Present Value of Unfunded Liabilities	0	0
Total Value of Liabilities	(236)	(1,962)
Net Asset/(Liability)	(236)	113

Movement in Surplus/Deficit During Year	Year to 31 March 2009 £'000
Surplus/(deficit) at beginning of the year	113
Current Service Cost	(178)
Interest Cost	(147)
Employer contributions	207
Contributions in respect of Unfunded benefits	0
Other income	0
Other outgoing (e.g. expenses etc)	0
Past service costs	(36)
Impact of settlement and curtailments	0
Expected Return on Assets	156
Actuarial gains/(losses)	(351)
Surplus/(deficit) at the end of year	(236)

Analysis of projected amount to be charged to operating profit for the year to 31 March 2010

Amount Charged to Operating Profit	Period to 31 March 2010 £'000	Period to 31 March 2010 % of Payroll
Projected Service Cost	142	8.6%
Interest on Obligation	158	9.6%
Expected Return on Plan Assets	(133)	(8.1%)
Past Service Cost	0	0%
Losses/(Gains) on Curtailments and Settlements	0	0%
Total Operating Charge	167	10.1%

22. PROVISIONS

	2009 £'000	2008 £'000
Opening balance	0	0
In-year provision	552	0
	552	0

The in-year provision relates to the future contractual obligation to convert the Inward Investment Centre accommodation back from non-residential to residential usage.

The refurbishment/restoration back to residential usage is expected to be completed by March 2014. The Inward Investment Centre is classified as a fixed asset and the cost associated with its acquisition is shown in note 7.

Disclosure of registered interests by Board Members and higher paid employees

The following interests have been properly declared for the period to 31 March 2009:

Board Members

Bob Lane – Chairman (from 01/11/08)

National Housing and Planning Advice Unit – Board Member
Homes and Communities Agency – Board Member
Corby City Academy – Trustee

Ohid Ahmed – Board Member

London Borough of Tower Hamlets – Councillor
Thames Gateway London Partnership – Board member
City Fringe Partnership – Board member
Tower Hamlets Homes (Shadow Board member)

Imtiaz Farookhi – Board Member

NHBC – Director
BBA Ltd – Director
Land Data – Board Member
SEEDA – Board Member

Ken Giles – Board Member

KRG Consulting Ltd – Own Company
Greater Manchester Passenger Transport Executive – Non-Executive Director
Oxford Infracare Lift Co – Non-Executive Director
Autism Speaks – Trustee

Stan Hornagold – Board Member

Marstan Group – Director
BDB Surveying Services – Partner

Conor McAuley – Board Member

Self Employed – Regeneration Consultant
London Borough of Newham – Councillor
Gateway to London Ltd – Non-Executive Director
Newham Primary Care Trust – Non-Executive Director
Olympic Delivery Authority – Planning Committee Member
Royal Docks Management Authority Ltd – Non-Executive Director
Stratford Renaissance Partnership
Newham Partnership Board

Guy Nicholson – Board Member

London Borough of Hackney – Councillor
Thames Gateway London Partnership – Board Member
City Fringe Partnership – Board Member
London European Social Fund Programme Monitoring Committee – Committee Member
Arts Council London Regional Council – Council Member
Hackney Empire Ltd – Board Member
Pro Active East London Partnership – Board Member
Cultural Industries Development Agency – Director
Gateway to London – Director
Tour East – Director
Shoreditch Trust NDC – Director
GLE – Local Authority Nominee
London Councils Culture, Tourism and 2012 Forum – Forum Member
London Councils Economic Development Forum – Forum Member
LGA Urban Commission – Commission Member
Community Union – Member
North London Strategic Alliance – Board Member
London, Stansted, Cambridge, Petersbrough (London) Group – Board Member

Dru Vesty – Board Member

Estea Ltd – Own Company
Olympic Delivery Authority – Planning Committee Member
Homes and Communities Agency – Board Member

Michael White – Board Member

London Borough of Havering – Elected Leader of Council
Thames Gateway London Partnership
IDeA
Centre for Engineering and Manufacturing Excellence – Non-Executive Board Member
Gateway to London
London Councils – Executive Member

Mick McCarthy – Board Member (from 01/12/08)

BT Group – Employee
London Borough of Barking & Dagenham – Shadow Board Member
Gateway to London
London Councils

Sheila Drew Smith – Board Member (from 01/02/09)

Self Employed – Consultancy
Audit Commission for England – Board Member
Tenant Service Authority – Board Member
Action for Bow (Charity) – Chair
Housing Corporation – Board Member (to Nov 08)

Sylvie Pierce – Board Member (from 01/02/09)

Fulcrum – Property Developer
 CSG Lighting Consultancy Limited – Company Secretary
 NIAT – National Inter-Action Trust Ltd – Director
 Mossbourne Community Academy Limited –
 Director Property Regeneration Co
 Building Better Health Limited – Chief Executive Officer
 Building Better Health - West London – Director
 BBH – WL (Fundco Holdco Tranch 1) Limited –
 Company Director
 BBH – WL Bid Cost HoldCo Limited – Company Director
 BBH – WL (Fundco Tranche 1) Limited – Company Director
 BBH – WL Bid Cost Limited – Company Director
 BBH Developments Limited – Company Director
 BBH Services Limited – Company Director
 BBH – SWL (Fundco Holdco Tranch 1) Limited –
 Company Director
 BBH – SWL Bid Cost Holdco Limited – Company Director
 BBH – SWL Bid Cost Limited – Company Director
 South West London Health Partnerships – Company Director
 London Remade – Director
 BBH – LSL (Fundco Holdco Tranch 1) Limited – Director
 BBH – LSL (Fundco Tranch 1) Limited – Director
 BBH – LSL Bid Cost Holdco Limited – Director
 BBH – LSL Bid Cost Limited – Director
 Building Better Health – Lambeth Southwark Lewisham
 Limited – Director
 Building Better Health (White City) Limited – Director

Paul Clarke – Audit and Risk Committee Member (Co-opted)

PricewaterhouseCoopers LLP – Chartered Accountants

Alan Clark – Planning Committee Member (Co-opted)

Nottingham City Council – Councillor
 Nottingham Regeneration Limited – City Council Appointee
 Greater Nottingham Partnership – City Council Appointee
 Institute of Community Cohesion, Coventry University –
 Consultant
 Nottingham Waterside Ltd
 Nottingham Development Enterprise –
 City Council Appointee
 Open University – Associate Lecturer

Richard Turner – Planning Committee Member (Co-opted)

Commission for Integrated Transport –
 Commission Member
 Road Safety Foundation – Trustee
 Exel Foundation – Trustee
 Institution of Highways and Transportation –
 Board and Council Member
 FTA Pension Fund – Trustee

Lorraine Baldry – Chairman (to 31/10/08)

University of the Arts – Court of Governors
 Tri-Air Development Ltd – Chairman
 Olympic Delivery Authority – Board Member
 Inventa Partners Ltd – Chairman
 Central London Partnership – Chairman

John Biggs – Deputy Chair (to 31/10/08)

London Assembly –
 Elected Member for City and East London
 London Development Agency –
 Board Member and Deputy Chair
 Leaside Regeneration Ltd – Board Member

Sid Kallar – Board Member (to 31/10/08)

London Borough of Barking and Dagenham – Councillor
 Adult College of Barking and Dagenham – Chair

John Worthington – Board Member (to 31/01/09)

DEGW – Employee and Shareholder
 RIBA Building Futures – Steering Group Member
 The Princes' Regeneration Trust – Advisory Group Member
 University of Sheffield – Graham Willis Professorship
 Pembroke College Cambridge – Visiting Scholar
 DCLG, Thames Gateway 'Parklands' –
 Advisory Group Member
 CABE Strategic Sub-regional Urban Planning, Advisory
 Group
 Climate Change capital property investment fund –
 Member

Atul Patel – Board Member (to 31/01/09)

LHA-ASRA Group Ltd – Employee, Board Co-optee
 ASRA Greater London Housing Association Ltd –
 Board Co-optee
 Royal Victoria Docks Development Co Ltd: Board Director
 HFHA (Walpole) Ltd – Board Director
 N-Vision Consultancy Services Ltd – Board Member
 Braunstone Regeneration Ltd – Board Member
 HouseMark Ltd – Good Practice Validation Panel Member

Accounts direction given by the secretary of state with the consent of the treasury, in accordance with paragraph 10(3) of schedule 31 to the local government, planning and land act 1980

1. The annual accounts of London Thames Gateway Development Corporation (hereafter in this accounts direction referred to as 'LTGDC') shall give a true and fair view of the income and expenditure and cash flows for the year and the state of affairs at the year end. Subject to this requirement, the annual accounts for the 2006/07 and for subsequent years shall be prepared in accordance with:
 - (a) the accounting and disclosure requirements given in *Government Accounting* and in, *Government Financial Reporting Manual* issued by the Treasury ("the FReM"), as amended or augmented from time to time, and subject to Schedule 1 to this direction;
 - (b) any other relevant guidance that the Treasury may issue from time to time;
 - (c) any other specific disclosure requirements of the Secretary of State;
2. Schedule 1 to this direction gives clarification of the application of the accounting and disclosure requirements of the Companies Act and accounting standards and also gives any exceptions to standard Treasury requirements. Additional disclosure requirements of the Secretary of State and further explanation of Treasury requirements are set out in Schedule 2.
3. This direction shall be reproduced as an appendix to the annual accounts.
4. This direction replaces all previously issued directions.

insofar as these requirements are appropriate to the LTGDC and are in force for the year for which the accounts are prepared, and except where agreed otherwise with the Secretary of State and the Treasury, in which case the exception shall be described in the notes to the accounts.

Signed by authority of the Secretary of State



Date 30 March 2007
An officer in the Department for Communities and Local Government

Schedule 1

1. Stocks and work in progress shall be included in the balance sheet at the lower of estimated replacement cost and estimated net realisable value.
2. The annual accounts shall be signed and dated by the chairman on behalf of the board members, and by the accounting officer.

Schedule 2

Additional disclosure requirements

The following information shall be disclosed in the annual accounts, as a minimum, and in addition to the information required to be disclosed by paragraphs 1 and 2 of this direction.

1. The notes to the annual accounts

- (a) an analysis of grants from:
 - (i) government departments
 - (ii) European Community funds
 - (iii) other sources identified as to each source;
- (b) an analysis the total amount of grant from the Department for Communities and Local Government, showing how the grant was used;
- (c) an analysis of grants included as expenditure in the income and expenditure account and a statement of the total value of grant commitments not yet included in the income and expenditure account;
- (d) details of employees, other than board members, showing:
 - (i) the average number of persons employed during the year, including part-time employees, agency or temporary staff and those on secondment or loan to the LTGDC, but excluding those on secondment or loan to other organisations, analysed between appropriate categories (one of which is those whose costs of employment have been capitalised)
 - (ii) the total amount of loans to employees
 - (iii) employee costs during the year, showing separately:
 - (1) wages and salaries
 - (2) early retirement costs
 - (3) social security costs
 - (4) contributions to pension schemes
 - (5) payments for unfunded pensions
 - (6) other pension costs
 - (7) amounts recoverable for employees on secondment or loan to other organisations

(The above analysis shall be given separately for the following categories:

 - I employed directly by the LTGDC
 - II on secondment or loan to the LTGDC
 - III agency or temporary staff
 - IV employee costs that have been capitalised);
- (e) an analysis of liquid resources, as defined by accounting standards;
- (f) in the note on debtors, prepayments and payments on account shall each be identified separately;
- (g) a statement of debts written off and movements in provisions for bad and doubtful debts;
- (h) a statement of losses and special payments during the year, being transactions of a type which Parliament cannot be supposed to have contemplated. Disclosure shall be made of the total of losses and special payments if this exceeds £250,000, with separate disclosure and particulars of any individual amounts in excess of £250,000. Disclosure shall also be made of any loss or special payment of £250,000 and below if it is considered material in the context of LTGDC's operations.
 - *(i) particulars, as required by the accounting standard on related party disclosures, of material transactions during the year and outstanding balances at the year end (other than those arising from a contract of service or of employment with LTGDC), between LTGDC and a party that, at any time during the year, was a related party. For this purpose, notwithstanding anything in the accounting standard, the following assumptions shall be made:
 - (i) transactions and balances of £5,000 and below are not material
 - (ii) parties related to board members and key managers are as notified to LTGDC by each individual board member or key manager
 - (iii) the following are related parties:
 - (1) subsidiary and associate companies of LTGDC
 - (2) pensions funds for the benefit of employees of LTGDC or its subsidiary companies (although there is no requirement to disclose details of contributions to such funds)
 - (3) board members and key managers of LTGDC
 - (4) members of the close family of board members and key managers
 - (5) companies in which a board member or a key manager is a director
 - (6) partnerships and joint ventures in which a board member or a key manager is a partner or venturer
 - (7) trusts, friendly societies and industrial and provident societies in which a board member or a key manager is a trustee or committee member
 - (8) companies, and subsidiaries of companies, in which a board member or a key manager has a controlling interest
 - (9) settlements in which a board member or a key manager is a settlor or beneficiary

- (10) companies, and subsidiaries of companies, in which a member of the close family of a board member or of a key manager has a controlling interest
- (11) partnerships and joint ventures in which a member of the close family of a board member or of a key manager is a partner or venturer
- (12) settlements in which a member of the close family of a board member or of a key manager is a settlor or beneficiary
- (13) the Department for Communities and Local Government, as the sponsor department for LTGDC.

For the purposes of this sub-paragraph:

- (i) A key manager means a member of LTGDC's management board.
- (ii) The close family of an individual is the individual's spouse, the individual's relatives and their spouses, and relatives of the individual's spouse. For the purposes of this definition, "spouse" includes personal partners, and "relatives" means brothers, sisters, ancestors, lineal descendants and adopted children.
- (iii) A controlling shareholder of a company is an individual (or an individual acting jointly with other persons by agreement) who is entitled to exercise (or control the exercise of) 30% or more of the rights to vote at general meetings of the company, or who is able to control the appointment of directors who are then able to exercise a majority of votes at LTGDC meetings of the company.

* Note to Schedule 2 paragraph 1(i): under the Data Protection Act 1998 individuals need to give their consent for some of the information in these sub-paragraphs to be disclosed. If consent is withheld, this should be stated next to the name of the individual.



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