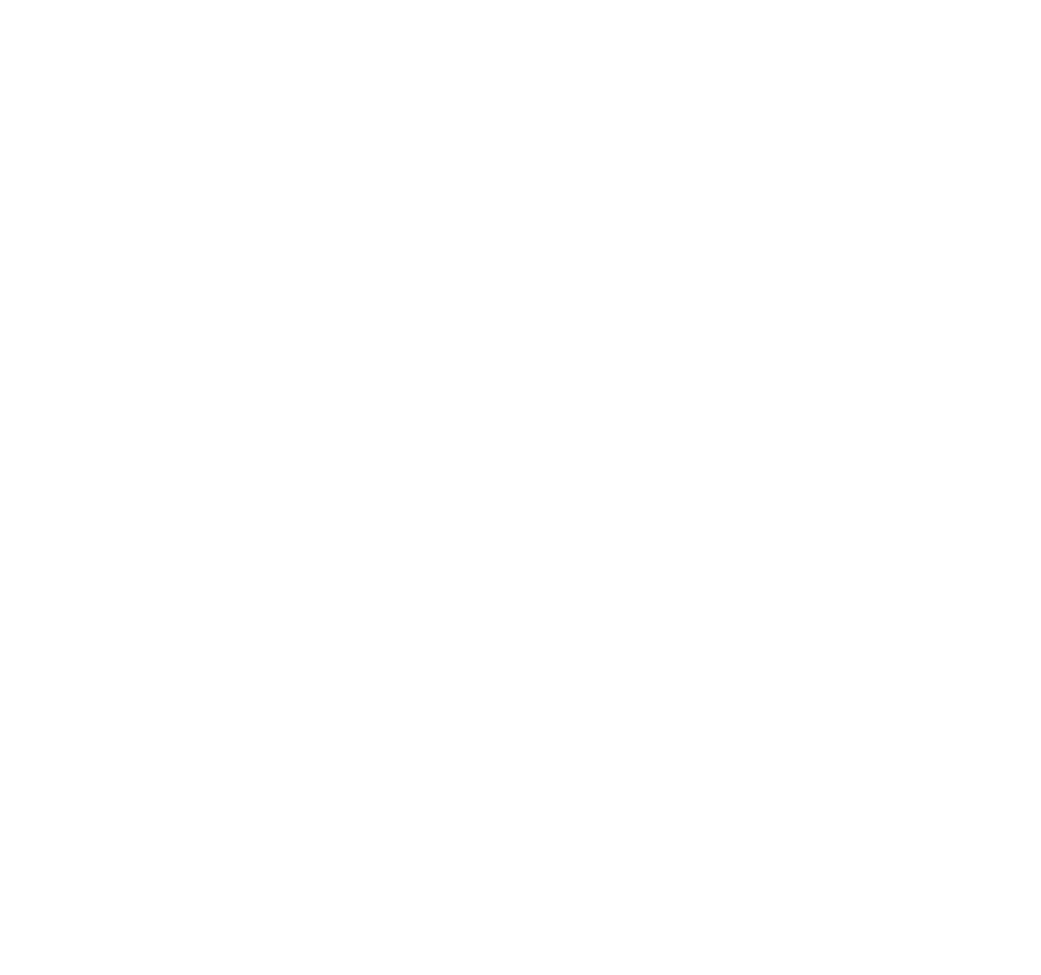


# English Partnerships Annual Report and Financial Statements

Year ended 31 March 2008





*Front cover:  
First London-Wide Initiative homes,  
Adelaide Wharf, Hackney, East London.*

*Left:  
Design for Manufacture homes,  
Oxley Woods, Milton Keynes.*

# English Partnerships Annual Report and Financial Statements 2007/2008

## Commission for the New Towns

Annual Report and Financial Statements presented to Parliament by the Secretary of State for the Department for Communities and Local Government on behalf of the Comptroller and Auditor General in pursuance of Section 9(a) of the New Towns and Urban Development Corporations Act 1985.

## Urban Regeneration Agency

Annual Report and Financial Statements presented to Parliament by the Secretary of State for the Department for Communities and Local Government on behalf of the Comptroller and Auditor General in pursuance of paragraph 9 of Schedule 18 of the Leasehold Reform, Housing and Urban Development Act 1993.

The Commission for the New Towns and the Urban Regeneration Agency carry out their activities jointly under the name of English Partnerships.

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# Who we are and what we do



*Above:  
Community Gala, Allerton Bywater  
Millennium Community, near Leeds.*

*Left:  
Children in the Ecology Park,  
Greenwich Peninsula, London.*

English Partnerships is the national regeneration agency helping the Government to support high-quality, sustainable growth in England. We do this by:

- Unlocking and increasing the supply of land – particularly surplus public sector sites – to meet housing and other growth needs; minimising greenfield development and tackling visual and economic blight;
- Creating and sustaining well-served mixed communities where people enjoy living and working, using our skills and expertise to help local authorities and other partners deliver their vision; and
- Improving quality of life and enhancing the environment through innovation and raising standards; and promoting the importance of good design, planning and build, to underpin the well-being of communities.

In collaboration with the Housing Corporation, the Academy for Sustainable Communities and Communities and Local Government we are jointly establishing the new Homes and Communities Agency that will begin operating in 2009.

# Highlights of the year: facts and figures



*Recently completed Arena and Convention  
Centre, Kings Waterfront, Liverpool.*



Across our whole programme our work has been characterised by a clear focus on 'business as usual' and maintaining delivery, as well as improving quality while striving to provide greater value for money.

English Partnerships has again delivered another excellent set of results for 2007/08, demonstrating our ability to deliver Government policies in practice.

**These are some of our achievements during 2007/08:**

- The completion of the first 147 homes at Adelaide Wharf as part of the London-Wide Initiative.
- The Carbon Challenge was successfully launched. Several major companies were attracted to the first site at Hanham Hall, South Gloucestershire and Barratt Developments Plc was selected as the preferred developer. Three more sites have been identified.
- The completion and opening of The O<sub>2</sub> Arena and Entertainment District on Greenwich Peninsula.
- As part of the initial work on assessing the suitability of surplus public sector sites for delivering the *Housing Green Paper's* housing targets, English Partnerships assessed over 900 different sites and identified 178 as being potentially suitable.

## Targets 2007/08

	Upper Target	Outturn
Brownfield land reclaimed (ha)	220	289
Housing units facilitated (starts on site commissioned)	10,300	11,045
Housing units facilitated (completions)	5,740	6,632
Employment floorspace created ('000 sq m)	430	492
Private sector investment attracted (£m)	1,000	1,266

- The acquisition of more surplus public sector land, including Connaught Barracks in Dover, Roussillon Barracks in Chichester, Guest Hospital in Dudley and the Bruche Police Training Centre in Warrington.
- The scope and scale of the pilot phase of the Local Housing Companies programme was established through close co-operation with 14 local authorities.
- The submission of a planning application for approximately 9,500 new homes at Northstowe in Cambridgeshire.
- New Quality Standards were introduced, including minimum space standards. All sites going to the market in the year were required to meet, as a minimum, Level 3 of the *Code for Sustainable Homes*. Our standards are now harmonised with those of the Housing Corporation.
- The opening of the Liverpool Arena in time for the launch of the city's year as Capital of Culture 2008.
- Work began at seven of the 10 Design for Manufacture Competition sites. The first completions and new home occupations were achieved.
- The completion of the Northwich Town Centre Salt Mine project (part of our Land Stabilisation Programme) that will facilitate the regeneration of the town centre.
- An Urban Finance Team was established with the aim of working with existing English Partnerships delivery teams and other public sector partners to examine new and innovative ways of using private sector funding to accelerate delivery of public sector outputs.
- The start of construction on the Bedford Western Bypass that will open up land for development, thereby enabling the construction of more than 2,750 new homes.



### Key drivers of success

We believe that there are two key drivers underpinning the Agency's track record of continuing success.

Firstly, our reputation for delivery is down to the calibre of our people. Our staff possess the essential qualities, skills and expertise to work on large and often complex programmes; they are able to share their knowledge, experience, expertise and skills with our partners, adding substantial value to the projects in which we become involved.

Secondly, our business model exemplifies the strategic approach to regeneration and growth that distinguishes the Agency. This has proved to be crucial in sustaining our track record and reputation by:

- Focusing on major interventions that address market failure and achieve maximum impact and value for money with minimum public subsidy;
- Targeting those local areas with the greatest need and actively engaging with people to deliver solutions that meet the requirements of all sections of the local community;

- Strong collaborative working from an early stage with key stakeholders, including Government departments, the Housing Corporation, Regional Development Agencies, local authorities, local delivery agencies and partners to deliver co-ordinated, integrated and sustainable regeneration and housing solutions;
- Acting as a catalyst for development by securing the provision of essential infrastructure and priming sites for development by our partners;
- Securing early involvement from our private sector partners to share the main risks and expenditure burden;
- Influencing the industry through innovative and exemplar projects and setting benchmark standards for high-quality urban design, construction and environmental sustainability; and
- Utilising our portfolio of sites to deliver the Government's policy objectives.

We believe that these drivers of success will continue to serve the Agency well in the coming year and help to create a firm business platform for the Homes and Communities Agency.

### Demand for homes

The *Housing Green Paper*, published in July 2007 identified the following targets:

- 3 million new homes by 2020;
- 240,000 net new homes per annum by 2016;
- 70,000 more affordable homes per year by 2010/11 of which 45,000 will be for social rent;
- 25,000 shared ownership and shared equity homes provided each year;
- 200,000 new homes to be delivered on surplus public sector land by 2016;
- 60 per cent of new homes to be built on brownfield sites;
- All new homes to emit 25 per cent less carbon from 2010;
- All new homes to emit 44 per cent less carbon from 2013; and
- All new homes to be zero carbon from 2016.

‘Key drivers of success will continue to serve the Agency well in the coming year and help to create a firm business platform for the Homes and Communities Agency.’



*Opposite page:  
Aerial view of the recently acquired former  
Bruche Police Training Centre site, Warrington.*

*Left:  
Design for Manufacture site, Allerton Bywater  
Millennium Community, near Leeds.*

# English Partnerships' areas of operation

## ■ Urban Regeneration Companies

- 1 1st East
- 2 Bradford Centre Regeneration
- 3 Central Salford
- 4 CPR Regeneration
- 5 Derby Cityscape
- 6 Gloucester Heritage
- 7 Leicester Regeneration Company
- 8 New East Manchester
- 9 North Northants Development Company
- 10 Opportunity Peterborough
- 11 ReBlackpool
- 12 Regenco Sandwell
- 13 Renaissance Southend
- 14 Sunderland arc
- 15 Tees Valley Regeneration
- 16 The New Swindon Company
- 17 Walsall Regeneration Company
- 18 West Lakes Renaissance

## ■ City Development Companies

- 1 Creative Sheffield
- 2 Plymouth CDC

## ■ Economic Development Companies

- 1 Hull Forward
- 2 Liverpool Vision

## ■ Strategic Projects

(64 projects in total including

7 Millennium Communities)

- 1 Aldershot – Defence Estates' Site
- 2 Ashford – Ashford's Future
- 3 Barking – Barking Riverside
- 4 Basildon – Craylands and Fryerns
- 5 Basildon – Town Centre
- 6 Bedford – Western Bypass
- 7 Bracknell – Former RAF Staff College (The Parks)
- 8 Cambridgeshire – Northstowe Development
- 9 Chichester – Roussillon Barracks
- 10 Corby – Parklands Gateway/Station Area
- 11 Crawley – Town Centre
- 12 Dorset – Winfrith
- 13 Dover – Connaught Barracks
- 14 East Cowes, Isle of Wight
- 15 East Midlands – Blueprint, the East Midlands Property Investment Fund
- 16 Gloucester – Gloucester College and Quays
- 17 Gosport – Rowner Estate
- 18 Greater Manchester – Hattersley
- 19 Greenwich – Heart of East Greenwich
- 20 Greenwich Peninsula
- 21 Harlow – Gateway and Town Centre
- 22 Hatfield – Town Centre
- 23 Kidbrooke – Estate Renewal
- 24 Leicester – Waterside
- 25 Liverpool – Anfield
- 26 Liverpool – Edge Lane
- 27 Liverpool – Kings Waterfront
- 28 Liverpool – Lime Street
- 29 London – Housing (Tabard Square)
- 30 London-Wide Initiative – all 15 sites
- 31 Milton Keynes – MK Partnership
- 32 Milton Keynes – Planning Prospectus
- 33 Nene Waterfront – Wisbech, Cambridgeshire
- 34 North Kent – Thameside

- 35 North Solihull
- 36 North Staffordshire – Urban Core Area
- 37 Northampton – Brownfield Initiative
- 38 Northampton – Upton
- 39 Nottingham/Derbyshire – Meden Valley
- 40 Peterborough – South Bank
- 41 Plymouth – Millbay Docks, Devonport
- 42 Runcorn – Castlefields
- 43 Salford – Central Station Area/ University Quarter
- 44 Salford – Exchange Greengate
- 45 Sheffield – New Retail Quarter (Sevenstone)
- 46 Sheffield – Park Hill
- 47 Skelmersdale – Town Centre
- 48 Slough – Heart of Slough
- 49 Stevenage – Town Centre
- 50 Stoke City – Waterside
- 51 Tees Valley – Middlehaven
- 52 Tees Valley – North Shore
- 53 Telford – Lawley
- 54 Telford – Lightmoor
- 55 Telford – Woodside
- 56 Warrington – Omega
- 57 Weston-super-Mare – Former RAF Locking

## ■ Millennium Communities

Strategic Projects

- 58 Allerton Bywater, near Leeds
- 59 Greenwich Millennium Village (London)
- 60 Hastings (East Sussex)
- 61 New Islington (East Manchester)
- 62 Oakgrove (Milton Keynes)
- 63 South Lynn (King's Lynn)
- 64 Telford (East Ketley)

## ■ Growth Areas

- 1 Ashford
- 2 London-Stansted-Cambridge-Peterborough
- 3 Milton Keynes and South Midlands
- 4 Thames Gateway

## ■ Growth Points

- 1 Banbury
- 2 Basingstoke
- 3 Birmingham/Solihull
- 4 Burton-on-Trent
- 5 Coventry
- 6 Crawley
- 7 Derby
- 8 Exeter and East Devon
- 9 Grantham
- 10 Hereford
- 11 Leicester
- 12 Lincoln
- 13 Newark-on-Trent
- 14 Nottingham
- 15 Oxford
- 16 Plymouth
- 17 Poole
- 18 PUSH The Partnership for Urban South Hampshire
- 19 Shrewsbury
- 20 Swindon
- 21 Reading
- 22 Taunton
- 23 Telford
- 24 Torbay

- 25 Truro
- 26 West of England Partnership
- 27 Worcester

## ■ Housing Market Renewal Pathfinders

- 1 Bridging NewcastleGateshead
- 2 Elevate East Lancashire
- 3 Gateway – Hull and East Riding
- 4 Manchester and Salford HMR Pathfinder
- 5 NewHeartlands – Merseyside
- 6 Oldham and Rochdale HMR Pathfinder
- 7 RENEW North Staffordshire
- 8 Tees Valley Living
- 9 Transform South Yorkshire
- 10 Urban Living – Birmingham and Sandwell

## ■ Design for Manufacture sites

- 1 Allerton Bywater, near Leeds
- 2 Horns Cross, Dartford
- 3 Linton, Maidstone
- 4 Merton, London
- 5 Oxford Road, Aylesbury Vale
- 6 Oxley Woods, Milton Keynes
- 7 Park Prewett, Basingstoke
- 8 Renny Lodge, Newport Pagnell
- 9 School Road, Hastings
- 10 Upton, Northampton

## ■ Carbon Challenge sites

- 1 Bickershaw South, Wigan
- 2 Brodsworth, Doncaster
- 3 Glebe Road, Peterborough
- 4 Hanham Hall, near Bristol

## ■ National Coalfields Programme

East Midlands (27 sites)  
North East (20 sites)  
North West (9 sites)  
South East (5 sites)  
South West (6 sites)  
West Midlands (7 sites)  
Yorkshire (33 sites)

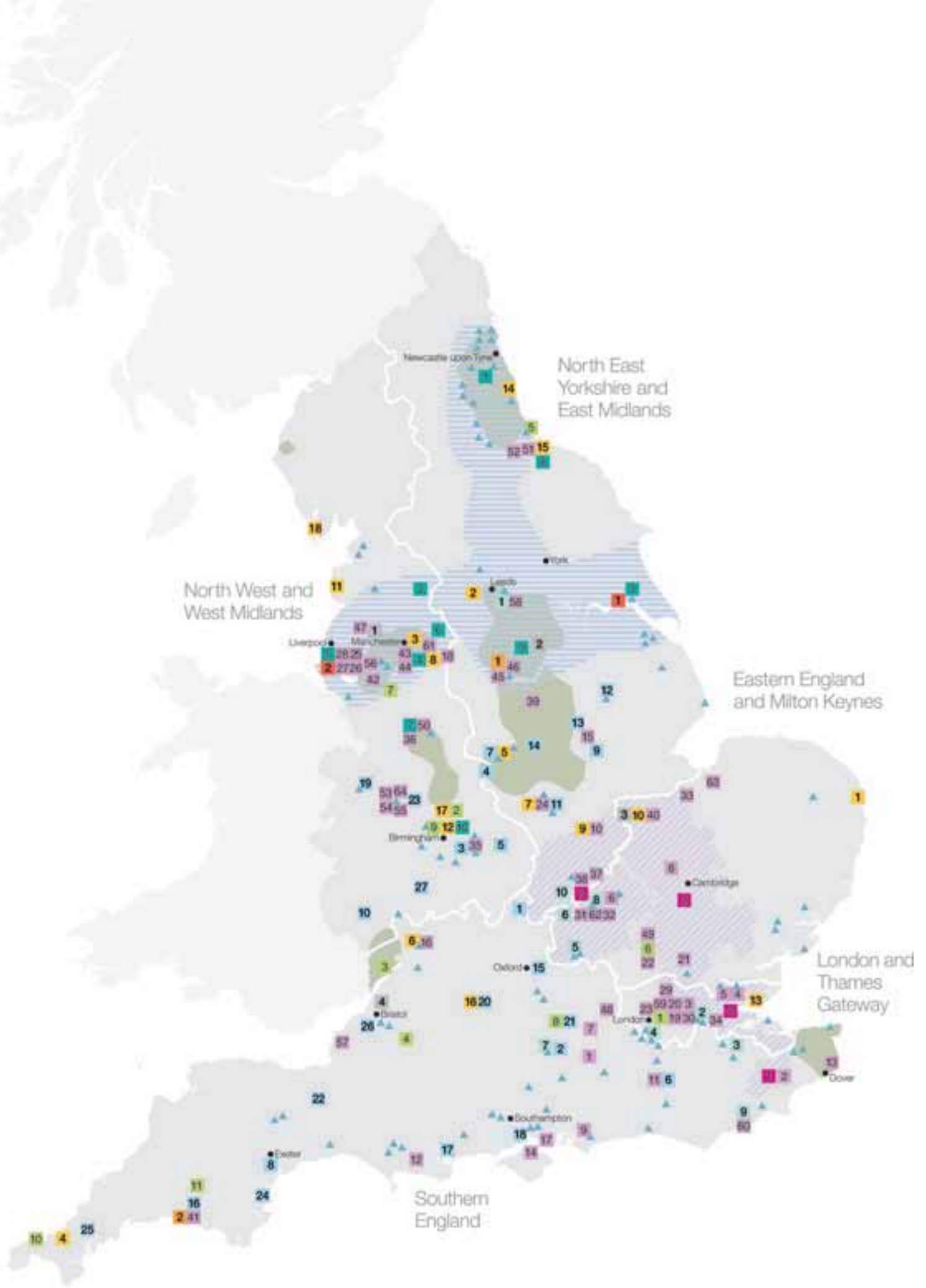
## ■ Land Stabilisation Programme (current and recently completed)

- 1 Blackheath, London
- 2 Bosty Lane, Walsall
- 3 Bream, Gloucestershire
- 4 Combe Down, Bath
- 5 Hartlepool, Teesside
- 6 Hatfield, Herts
- 7 Northwich, Cheshire
- 8 Reading, Berkshire
- 9 Seven Sisters, Dudley
- 10 St Ives, Cornwall
- 11 Tavistock, Devon

## ■ Northern Growth Corridors

## ▲ Hospital Sites Programme (96 sites)





# English Partnerships' Board



## 1 Robert Napier Chairman

Robert Napier took up the post of Chairman of English Partnerships in January 2008, having been a Non-Executive Director since March 2004. Robert is also Chairman of the Board of the Met Office. He was Chief Executive of WWF-UK, the UK arm of the World Wide Fund for Nature, from 1999 to April 2007. Before that he spent 16 years at Redland plc, where he was successively Financial Director, Managing Director and Chief Executive. Robert is currently a Non-Executive Director of Anglian Water Services. He was formerly a Non-Executive Director of Rentokil Initial plc, Non-Executive Director of United Biscuits plc, Chairman of the CBI Transport Policy Committee and President of the National Council of Building Material Producers. Robert's community activities include being Chairman of the Governors of Sedbergh School and a Trustee of Baynards Zambia Trust. He is also Chairman of the trustees of the Carbon Disclosure Project.

## 2 Dr. Pauleen Lane CBE Deputy Chairman

Dr. Pauleen Lane is a Civil Engineer by profession and a graduate of both Manchester and the Open Universities. She has worked in transport and construction and now holds an academic post in the Built Environment Group at Manchester. Dr. Lane is an Elected Member of Trafford MBC and was Mayor of the Borough in 2005/06.

She has served on the Audit Commission and the Northwest Regional Development Agency Boards and is currently a member of the Milton Keynes Partnership and the LGA Improvement Board. She was awarded a CBE in 2005 for services to local Government and has recently joined the board of the Coal Authority.

## 3 John Walker Chief Executive

Since joining English Partnerships in 1994 John has held the posts of Chief Accountant, Finance and Commercial Director, Regional Director for the North East, Yorkshire and East Midlands and Chief Operating Officer. He has twice held the position of Chief Executive on an interim basis in spring 2006 and between July 2002 and March 2003. John is a Director on the Boards of Priority Sites Ltd, English Cities Fund, the Land Restoration Trust and a member of the Investment Board of the Department for Communities and Local Government. Prior to joining English Partnerships, John specialised in regeneration and property development with Stoy Hayward Consulting and has held senior appointments with Teesside Development Corporation, Northumbria Police and various local authorities in the north-east.

## 4 Dr. John Belcher CBE

Dr. John Belcher grew up in Canada and has held a number of key positions charged with researching and improving social welfare in both Canada and the UK. He is currently Chief Executive of Anchor Trust, England's largest

not-for-profit provider of housing, care and support for older people. John is a member of the Audit Commission – Housing and Communities Board, and a Non-Executive Director of both Lewisham Hospital NHS Trust and the Independent Safeguarding Authority. He was awarded a CBE in the Queen's 2006 Birthday Honours list for services to older people.

## 5 Aman Dalvi OBE

Aman Dalvi is Chief Executive of Gateway to London (GTL), an inward investment agency charged with the responsibility of attracting investment into the Thames Gateway. Prior to joining GTL, he was Chief Executive of Ujima Housing Association, which he led for 10 years from 1993 to 2002. Ujima won several architectural awards in this period. Aman Dalvi was also Assistant Director of Investment (London) at the Housing Corporation. He is currently Chairman of Gallions Housing Association. Aman spent 12 years in the manufacturing industry with two of the largest food production companies in the UK. He was awarded an OBE in the 2000 New Year's Honours list for services to housing.

## 6 Steve Douglas

Steve Douglas is Chief Executive of the Housing Corporation, the Government's national affordable homes agency, and regulator of the activities of RSLs. He joined the Corporation in April 2001 as Director of Investment and Regeneration for London and was made overall Director for the London Region in 2004.



He is the former head of a number of housing associations including Chief Executive of ASRA Greater London Housing Association. Steve was also a Commissioner on the Government's Commission on Integration and Cohesion and Vice-Chair on the Housing Corporation's Design and Quality in the Thames Gateway Commission. Steve has been a member of the Homes and Communities Agency Set-up Team.

**7 Margaret Fay OBE**

Margaret Fay was appointed Chairman of One NorthEast in December 2003 after spending 22 years with Tyne Tees Television. Margaret is a Non-Executive Director of Darlington Building Society and Patron of the Tees Valley Community Foundation. She was formerly a Governor at the University of Teesside. Margaret was awarded an OBE in June 2004 for services to broadcasting and an Honorary Doctorate in Business Administration in July 2004 from Sunderland University for services to Broadcasting, Business and Regional Life. In June 2005, Margaret was appointed the Prince of Wales Ambassador for the North East.

**8 Richard Harrold**

Richard Harrold has extensive experience in commercial property investment both in the UK and overseas markets. He spent most of his career at Hermes Investment Management Ltd where he was Head of Property Investment for 14 years with responsibility for the significant portfolios of the British Telecom Pension Scheme and the Royal

Mail Pension Plan; he also served as Chief Executive of MEPC Ltd, a leading owner and developer of large mixed-use business parks. He is a member of the Management Committee of the Deutsche Bank Global Real Estate Opportunity Funds and a Director of 1st East, the Urban Regeneration Company for Lowestoft and Great Yarmouth.

**9 John Parker MA (Cantab)**

John Parker is a qualified chartered accountant with wide experience in finance, business economics and the housing market. He worked for a leading merchant bank, three building societies, a property investment company and the Burmah Oil Company, before becoming Chairman of the Building Societies Association. John's community activities include chairmanship of the Pate's Foundation and the Stroud Feoffees, and membership of the Finance Committee of St. John's College, Cambridge.

**10 Dr. Anne Wright CBE**

Dr. Anne Wright has been Chair of the National Lottery Commission since 2005. She was Chief Executive of Ufi Ltd (the University for Industry) from 1998 to 2001, and from 1990 to 1998 was the Vice-Chancellor and Chief Executive of the University of Sunderland (formerly Sunderland Polytechnic). While in the north-east she was Chair of the National Glass Centre in Sunderland. She has held posts at Liverpool Polytechnic, the Council for National Academic Awards, Hatfield Polytechnic and Lancaster University. She has been a Member of the Armed Forces Pay Review Body

since 2002. Anne is a Companion of the Chartered Management Institute and was awarded a CBE in 1997 for services to higher education.

**11 Geoff Wright TD DL**

Geoff Wright is a past President of the Chartered Institute of Building. He spent his career at Hammerson plc, a FTSE100 company where for the last 18 years he was responsible for the company's construction and project management. Geoff held a number of other construction related board appointments, both as Chairman and Deputy Chairman. He is currently Trustee of the BRE Trust, Non-Executive Director of Severfield-Rowen plc and is Chairman of the Governors of the Whitgift School.

All Directorships and commercial interests of Board Members are listed in a regularly updated Register of Members' Interests which is published on our website and is available for public inspection at all times.

Details of tenures of Board Members are included in full in the Financial Statements.

# Chairman's Report



## Leaving a lasting legacy

As I write, the credit crunch is having a severe impact on confidence and activity in the housing market. These are not easy times but 'life goes on' and more than ever in today's aspirational society, it is everyone's ideal and, I believe, right, to have a decent home in a decent neighbourhood.

This is a place that makes them proud and a home that provides safety, comfort and pleasure; where neighbours talk to one another; shops are a walk away; children can play; wildlife can thrive; and properties are affordable.

So the conundrum is how to solve the housing crisis against a background of economic uncertainty? Well, history proves that our markets are cyclical and although we may be heading

towards the bottom of a trough, there will inevitably be an upsurge in confidence and fortunes. History also shows that reacting to short-termism, cutting corners and creating cheap poor quality homes is an option with disastrous results.

Our challenge at English Partnerships is to recognise that although we have to operate in the short term, our fundamental goal is to create high-quality places and communities that have a long-term future. Places that will leave a lasting legacy, places where people want to live and places that, in years to come, will continue to be admired.

We all have examples of places that we love and inspire us. We seem to instinctively know what makes somewhere 'great' but it is a concept that is hard to capture on paper. For me the bedrock of any great place starts with quality. Quality build, quality design, and a strong vision that involves engaging local people right from the outset.

But quality comes at a cost, and layered over this is the need to create places that minimise our impact on the environment, something our 'industry ancestors' could blissfully ignore. Reducing CO<sub>2</sub> emissions, minimising waste, reducing energy consumption and making better use of dwindling natural resources are just some of the other challenges laid at the door of today's house-builders.

We recognise that cost can be a major barrier to delivering quality and innovation, especially when new technologies are unproven and supply chains are fragile and underdeveloped. Our role is to work with our stakeholders, particularly the house-building industry, to provide funding solutions and help speed up the pace of change.

Developers have responded incredibly well to our push to introduce Level 3 of the *Code for Sustainable Homes* across all our developments, three years ahead of it becoming mandatory. Our Carbon Challenge initiative has also revealed the industry's growing appetite to work with us to create a new generation of large-scale zero carbon developments that will meet *Code Level 6* in advance of the market.

I am extremely impressed by our partners' willingness to embrace change and work with us to innovate and realise a shared vision for creating tomorrow's great places.

Change, of course, can be a very positive experience. When I took over the Chairmanship of English Partnerships in January this year, I did so knowing that I would be leading the Agency through a major transition.

As well as delivering our normal programme of work we are shaping up the organisation to ensure a smooth 'glide path' to the new Homes and Communities Agency and I am delighted





*Left:  
The Baroness Ford and Robert Napier at the English Partnerships Open Meeting 2007.*

*Right:  
Official opening of the Carbon Challenge exhibition in June 2008 with guests John Walker, Chief Executive of English Partnerships, Iain Wright MP, Parliamentary Under Secretary of State at the Department for Communities and Local Government, Mark Clare, Group Chief Executive for Barratt Developments Plc – appointed developers for Hanham Hall, South Gloucestershire and Robert Napier, Chairman at English Partnerships.*

to report that this work is well on track. My thanks go to all our staff for their efforts and enthusiasm and to the support of my fellow Board Members and our Executive Management Board.

But I have been fortunate to ‘inherit’ a high performing agency with clarity of purpose thanks to my predecessor, Baroness Margaret Ford. Margaret must take a large amount of credit for the successes of English Partnerships, which she chaired for nearly six years. I hope that I can now successfully carry her legacy forward. In doing so we will help make better places for thousands of individuals and families to live and work.

**Robert Napier**  
Chairman  
English Partnerships

# Chief Executive's Report



## Changing times, a time for change

I am delighted to report that this financial year we exceeded all our upper output targets (see page 49), despite the first, but strong, signs of a downturn in the UK economy. Most importantly, I would like to thank our staff for their hard work in achieving these excellent results.

Of real significance is the fact that we attracted £1.27bn in private sector investment – up more than 24 per cent on last year – and programme expenditure reached £568m. Our receipts of £328m allowed us to fund 58 per cent of our programme, slightly less than predicted, but still an excellent performance.

If I had to sum up the last 12 months and the year ahead, I think I would focus on change. There is no doubt that we

operate in, and have to adapt to, a fast-moving environment. Not only are we gearing up to create the new Homes and Communities Agency, but we have also witnessed Government's drive to step up the pace of housing delivery through a series of new initiatives. The *Housing Green Paper* published in July 2007 gave a very clear steer to English Partnerships on our ongoing role, particularly the significant part we are set to play in delivering new communities on surplus public sector land and in helping to empower local authorities to make more of their assets.

One of our most significant changes was to set up a Strategic Land Division to spearhead our work in identifying the potential of surplus Government land and to pilot the first 14 Local Housing Companies. This model will enable local authorities to take more control of delivering their own housing needs by working with the private sector and English Partnerships to utilise their land assets more effectively. The pilots are expected to deliver up to 24,000 mixed-tenure homes by 2016. In a similar vein, our Urban Finance Team is creating new funding vehicles through private-public partnerships between the major lending banks and local authorities aimed at delivering wide-scale regeneration programmes.

With a difficult market, but still with a full programme to deliver in the run-up to the Homes and Communities Agency, our ability to adapt and generate new solutions to assist growth will

be paramount. We have already put plans in motion to streamline and change our procurement procedures to allow developers to cut through some of the processes involved in bidding for our sites.

In recognition of market conditions, we are also looking at ways to sell our land in smaller packages, meaning less risk for developers and opening up more opportunities for smaller, regional companies to work with us. Taking this route will mean that English Partnerships will have to provide more 'oven-ready' sites complete with infrastructure, and we believe the result could be more significant financial returns.

Perhaps one of the most surprising – and gratifying – changes that I have witnessed in the past year is the turnaround in the public perception of the Millennium Dome – now The O<sub>2</sub> Arena and Entertainment District on Greenwich Peninsula. We welcomed many guests to our annual Open Meeting in November 2007, which we hosted at this spectacular venue. The O<sub>2</sub> has been described as 'the world's most popular music arena' and it is just one aspect of what will be one of Europe's most successful transformations of a major brownfield site.

Transformations have also been happening with our Hospital Sites Programme, the portfolio of 96 redundant sites we acquired in 2005. To date the Programme has generated



*Left:  
The O<sub>2</sub> Arena and Entertainment District,  
Greenwich Peninsula, London.*

£225m in receipts and more importantly is on track to deliver 14,000 homes. The Programme has also tested our skills in redeveloping many exceptional, listed, historic buildings (see case study on page 21).

Finally, as we move into the closing stages of English Partnerships, I look forward to continuing to work closely with Ministers, our staff, colleagues at the Housing Corporation, the Department for Communities and Local Government and the Academy for Sustainable Communities to bring about what I believe will be the most powerful and dramatic change in housing and regeneration delivery – the Homes and Communities Agency.

**John Walker**  
Chief Executive  
English Partnerships

*Above: Executive Management Board*

1. *Trevor Beattie*  
*Director,*  
*Corporate Strategy*
2. *David Edwards*  
*Regional Director,*  
*Southern England*
3. *David Hughes*  
*Regional Director,*  
*North East, Yorkshire and East Midlands*
4. *Duncan Innes*  
*Director,*  
*Strategic Land*
5. *John Lewis*  
*Regional Director,*  
*Eastern England and Milton Keynes*
6. *Stephen Oakes*  
*Regional Director,*  
*London and Thames Gateway*
7. *Charlie Parker*  
*Director,*  
*Investment and Performance*
8. *Eileen Scott*  
*Director,*  
*Organisational Development*
9. *Paul Spooner*  
*Regional Director,*  
*North West and West Midlands*



# Land supply



*Greenwich Millennium Village,  
Greenwich Peninsula, London.*



‘...we have been given a clear mandate to work with central Government departments in identifying the future supply of land.’

#### **Unlocking and increasing the supply of land to meet housing and other growth needs**

Publication of the *Housing Green Paper* in July was one of the most significant events of the year for English Partnerships. The document detailed Government’s challenging vision for housing delivery in England – two million new homes by 2016 rising to three million by 2020 – and set out an enlarged role for its national regeneration agency. Of the two million homes, 200,000 will be on surplus public sector land (SPSL).

Delivery of these 200,000 homes is the responsibility of a number of public organisations including English Partnerships and we have been given a clear mandate to work with Central Government departments in identifying the future supply of land.

Other events included publication in November of the *Callcutt Report*, which concluded that the house-building sector is capable of meeting the *Green Paper* targets and called for new homes to be zero carbon and for sale at an affordable price. In December the *Taylor Review* called for evidence into how land use and planning can better support rural businesses and deliver affordable housing.

Also, the *Planning Bill*, currently passing through Parliament, introduces a new system for nationally significant infrastructure planning, alongside

further reforms to the town and country planning system.

A major part of our response to the *Housing Green Paper* and the various reviews was to form the Strategic Land Division, to take responsibility for SPSL, Local Housing Companies (LHCs) and our existing commitments under the popular First Time Buyers’ Initiative. The Strategic Land Division went live in February 2008.

By the end of March 2008, SPSL sites to support delivery of around 70,000 homes had been identified and were at various stages of assessment, remediation and planning.

In Warrington, for example, we acquired a former police training centre in Bruche, where we have plans for at least 280 new homes. Half of the homes will be for affordable sale or rent and will exceed our minimum requirement for Code Level 3.

This year we also purchased two former military barracks from Defence Estates – Roussillon in Chichester and Connaught Barracks in Dover.

At Roussillon, the creation of new homes will be co-ordinated with 800 already planned at our adjacent Graylingwell Hospital site. The sites will remain distinct and retain their historic identities.

Plans for the development of 500 new homes at Connaught are being formed via an extensive public consultation, with

the remaining land to include large areas of open green space. It is the intention to develop the site in sympathy with its history, celebrating 1,000 years of Dover as a garrison town.

A key brownfield site was also acquired from Network Rail in Northampton which will now unlock the development of 2,000 new homes.

As well as these new acquisitions, our focus has continued on existing regional and local delivery of SPSL.

#### **Partnership working**

On Greenwich Peninsula, for example, one of Europe’s biggest single regeneration projects, we have invested over £225m in land remediation, infrastructure enhancement and masterplanning.

These forward funded, early stage preparations are now paying dividends, with the single biggest event of the year being the opening of The O<sub>2</sub> Arena in June. Its transformation from the Millennium Dome, to a state-of-the-art 20,000-seat entertainment venue is testament to the partnership working of English Partnerships, as landowners and managers of the Dome prior to its sale, developers Meridian Delta Ltd and new owners, the Anschutz Entertainment Group.

Also in June, London acquired its latest public square – Peninsula Square – adjacent to The O<sub>2</sub> Arena, with a heavy



cultural focus including a 'video wall' and stage to host special events, festivals and performances. Crest Nicholson was appointed to deliver nearly 300 new homes and 465 sq m of shops beside the QEII Pier on the Peninsula. In August, completion of a development agreement paved the way for the final phases of Greenwich Millennium Village, and Barking Riverside received outline planning consent for 25,000 homes.

In Ashford, Kent, we are working closely with the Highways Agency to help deliver a new motorway junction which will unlock development land for around 5,000 homes.

Our Hospital Sites Programme (HSP), a major portfolio of SPSL, continues to make good progress.

At the site of the former Cane Hill Hospital in Surrey, developers submitted proposals for a high-quality, energy-efficient mixed-use development of around 550 homes and 35,000 sq m of employment space. Cane Hill features a number of historic buildings of particular local significance, requiring development proposals that are sensitive to the site's heritage.

Other highlights included the appointment of a preferred developer at Graylingwell Hospital in Chichester aspiring to zero carbon energy for around 800 new homes; outline planning consent granted for up to 440 new homes at the derelict

Lancaster Moor Hospital; and the start of the process to appoint a preferred developer for 350 homes at the former Stone House Hospital in Dartford.

Overall, the HSP is on track to deliver the planned 14,000 much-needed new homes.

#### Local empowerment

The *Housing Green Paper* made first reference to LHCs – a new way for local authorities to bring forward their land to meet the need for new homes, accelerating delivery of place-making objectives. English Partnerships is leading a Pilot Programme of 14 local authorities on behalf of Government.

Under the LHC model councils contribute land to a public-private joint venture, with a private sector partner making a financial investment to an equivalent value. The council achieves its housing and regeneration objectives, while retaining an interest in ownership of the land rather than just selling it for the best short-term value. Both partners share sales returns and any uplift in land values.

In November we issued working guidance to the 14 specific authorities involved in the Pilot, which has progressed well, with the official formation of the first four LHCs anticipated in late 2008.

## Institutional investors miss a trick

Institutional investors may have been missing out on higher returns on their investments, it was revealed in August, by ignoring the potential of regeneration areas because of poor historical performance.

The annual Regeneration Index published by English Partnerships and IPD, examined 21 regeneration areas across England and showed that over a five-year period overall investment in these areas gave higher returns than investment in all other UK property areas, growing at a rate of 16.7 per cent year on year, versus 15.1 per cent.

The trend was replicated across retail, commercial and residential properties, confirming that investment in regeneration areas should no longer be considered a niche market. Ironically, it is precisely the relatively low past performance that makes regeneration areas so ripe for investment.



*Left:  
Community consultation at the former  
Cane Hill Hospital, Surrey.*

*Right:  
Artist's impression of Lime Street Station,  
Liverpool.*

## Case Study: Reviving our heritage

One of the central tenets in good design and successful masterplanning is that new landscapes and buildings should complement the surrounding environment.

In short, new places need to fit in with the old, and on many of our schemes, this means developments that respect a rich tapestry of local heritage and history, helping to give place-making a distinct identity.

At Connaught Barracks in Dover our proposals for the site must respect several Scheduled Ancient Monuments (SAMs) comprising the original fort and defences of the 1,000-year-old garrison town. Another SAM – the pithead and winding gear of the former colliery site at Chatterley Whitfield in Stoke, one of the finest surviving examples of 19th century mining technology – will be preserved for future generations.

And in Liverpool, Lime Street Station will be given a new lease of life as we transform the centre of a World Heritage Site into a fitting gateway for a major European city.

We take our duty of care towards historic buildings and landscapes extremely seriously, and have specialist heritage expertise within our National Consultancy Unit to advise and support our local delivery teams on all aspects of dealing with historic assets and policy.

Much of our focus is on the 96 sites included within our Hospital Sites Programme, which include many historic or listed buildings.

At the Tiverton and Belmont Hospitals in Devon, where the listed buildings include the former nurses home, workhouse and mortuary, we are delivering a mixed-use community of around 100 new homes, as well as shops, offices and restaurants to strengthen the vitality of the existing town centre.

And at the former Lancaster Moor Hospital in the north-west, where we received outline planning permission in October, our conversion of the prominent Grade II listed annexe building into much needed apartments and townhouses will ensure that present and future generations benefit from the recycling of these precious historic treasures.





LHCs put councils at the heart of the housing development process allowing them to offer more low-cost home ownership options for local people. It is anticipated that the Pilot Programme alone could deliver 24,000 new homes.

Our credentials to run the LHC Pilot lie in our land expertise, our close links with local authorities and private developers, and our experience of other joint ventures to achieve housing and regeneration objectives.

In Sunderland, for example, we were a founding member of the local Urban Regeneration Company, Sunderland arc, and have invested heavily in the Sunnyside Partnership, a joint venture bringing the Georgian heart of the city back to life.

In particular, the £5m conversion of the Old Post Office in West Sunnyside has won numerous awards, including Best Renovation/Conversion in the region's 21st Century Living Awards.

### History below ground

A relatively little known area of English Partnerships' work is our Land Stabilisation Programme (LSP), tackling one of the legacies of England's proud industrial heritage.

Abandoned historic underground mine workings across most counties in England have resulted in the risk that instability or sudden failure of the roofs or supporting pillars could pose a threat

to property on the surface. Under the LSP we provide funding to deal with these possible effects.

Highlights of our activity this year include the main works at Combe Down Stone Mines in Bath, that began in April, and the Northwich Town Centre Salt Mine project that finished on site in July.

Through our National Coalfields Programme (NCP), where we pioneered the 'portfolio' approach to land, we are again dealing with our industrial past, which includes some of the most contaminated sites in Europe.

The NCP has had recognised success in physically regenerating and breathing new life into coalfield communities devastated by pit closures in the 1980s. Land has been cleansed of its heavy industrial chemicals and pollutants, and been made safe for future generations. New homes and community facilities have been built and new jobs created.

This year the NCP has seen over 104 ha of brownfield land brought back into use for and on behalf of the coalfield communities; built 274 new homes and created 97,994 sq m of employment floorspace. In doing so we generated a return to the public purse of over £56m.

Examples of our work include Silverdale Colliery in Staffordshire, where we started preparing the land for development and began the process to appoint a preferred developer to deliver around 300 new homes, a village square, sports pitches

and children's play areas. The bulk of the site will be given over to a country park with wildlife, footpaths and cycle tracks.

Reclaiming brownfield land such as coalfield or hospital sites and returning it to beneficial use remains one of the core targets by which our performance is judged. Government is committed to building at least 60 per cent of new homes on brownfield sites.

This year we reclaimed 289 ha of brownfield land, over 30 per cent more than our upper target.

At our annual National Brownfield Conference in London in March, our recommendations to Government for the co-ordinated re-use of brownfield land were formally adopted as policy, paving the way for the first ever National Brownfield Strategy for England.

### More skills, better technology

Central to the continued successful re-use of brownfield land is a workforce with the necessary skills. In March we announced the results of our preliminary research, conducted by the Academy for Sustainable Communities, into a perceived skills gap across the sector. We have called for urgent action to address this gap, and have consulted on a specific Brownfield Skills Strategy.

Elsewhere, working with the contaminated land charity CL:AIRE (Contaminated Land: Applications In Real Environments) we began piloting





*Opposite page:  
Practitioner break out session at the English  
Partnerships National Brownfield Conference  
held in London in March 2008.*

*Left:  
Award-winning restoration at Sunnyside  
Gardens, Sunderland.*



a new and innovative approach to soil remediation and waste management called CLUSTER, centred on sites near Sheffield. Cleaning soil from a number of small sites at a single larger site has significant cost and environmental benefits, including being an alternative to landfill, and presents a solution to the problem of remediating small sites.

Through our support of CL:AIRE we have seen the launch of an international project and forum to support decision making for sustainable remediation technologies.

We have also published an update to our Best Practice Note on the costs of remediating contaminated land, including for the first time an assessment of the cost of tackling dereliction.

We believe that the cornerstone of effective land and other asset management is the ability to account accurately and on a timely basis. The National Land Use Database is just one of the technical solutions we use and it is vital that these tools keep pace with technological advances.

The *Housing Green Paper's* targets are challenging but achievable, and the availability of land is crucial. Unlocking and increasing the supply of land for regeneration and housing development, in support of wider Government objectives, is one of English Partnerships' core priorities.

## Big ships return to the Tyne once more

Big ships returned to the Tyne in September when iconic liner the QE2 made the only UK stop-over of its 40th anniversary voyage. The visit – which evoked memories of the north-east's proud shipping heritage and saw thousands of people line the riverbanks at specially constructed viewing platforms – was only made possible by a £4m refurbishment of the Tyne Commission Quay by English Partnerships.

The slow deterioration of the 80-year-old quay, which was inherited by English Partnerships from the former Tyne & Wear Development Corporation, meant that it was no longer suitable for visiting cruise ships. The quay was strengthened with new tubular piling and had the reinforced concrete deck replaced.

The newly renamed Northumbrian Quay will facilitate the Port of Tyne Authority's commitment to increasing the number of ocean-going cruise liners visiting the north-east, promoting the region as a cultural and tourist destination. The knock-on effect of our £4m investment means that museums, galleries and other cultural destinations can expect more custom. Local people and businesses will be the ultimate winners.

Left:  
The QE2 arriving at the newly refurbished  
Northumbrian Quay on the Tyne.  
Image courtesy of the Port of Tyne.

Right:  
Artist's impression of Northstowe,  
Cambridgeshire.



## Case Study: A prototype eco-town

At English Partnerships we tackle sustainability in the round – social, geographical and environmental – and this continued throughout the year. But it was environmental sustainability in particular which was the hot topic dominating the headlines.

The biggest announcement of the year was the shortlisting by Government of 15 potential eco-town sites across England.

The new communities of between 5,000 to 20,000 homes are intended to help meet the need for three million new homes across England by 2020, while simultaneously tackling climate change. The intention is for at least one eco-town in each of the nine English regions, and a decision on the final locations is expected in October.

English Partnerships' proposed new town at Northstowe in Cambridgeshire is the closest to a prototype eco-town in England to date.

In June, we launched a period of community consultation at Northstowe by unveiling our initial masterplan ideas for 9,500 new homes. Comments received from local residents and other stakeholders were then fed back into the final detailed plans that were submitted to South Cambridgeshire District Council in December.

Ultimately, the new town could have a population of around 24,000 people from all walks of life – large enough to be self-sustaining – with schools, shops and jobs focused around a brand new town centre, while still linked to existing communities.

Social and geographic sustainability is coupled with environmental sustainability as a fundamental feature of the new town, through a range of measures that will reduce energy consumption and improve water and waste efficiency.

Our experience at Northstowe will be one of the many foundations upon which eco-towns could be developed.



# Communities



*Community consultation at Blackwell Reach, London.*



## ‘Getting more communities involved in decision-making will be the key to finding the solutions...’

– Communities Secretary Hazel Blears MP

### **Creating and sustaining well-served mixed communities where people enjoy living and working – now and in the future**

In 2007/08, we completed 6,632 new homes and commissioned starts on site for a further 11,045 – 14 per cent higher than in 2006/07.

However, we recognise that creating successful communities is about much more than simply building houses. It is about making the right place in the right location and at the right cost, laying the foundations for the community to thrive long after the developers have gone.

We wholeheartedly support Government’s emphasis on empowering local people to have a greater say in how their communities are run. Following the 2007 *Quirk Review*, Government is encouraging local councils to transfer assets into the ownership or management of local people if this can be shown to bring community benefit. The proposed *Community Empowerment, Housing and Economic Regeneration Bill* is just part of a wider package of proposals to shift power directly to the people who use local services, including developing under-used land or properties.

In the words of Communities Secretary Hazel Blears MP: ‘Local action is more important than ever. Getting more communities involved in decision-making will be the key to finding the solutions to

some of the biggest challenges currently facing the country...’

As well as empowering local people and getting their input to help create places where future generations will be proud to live, a major role for English Partnerships has been to forge a vital link with the private sector to contribute funding and deliver the vision. Nowhere is this better demonstrated than in the Urban Regeneration Companies (URCs) programme.

In Liverpool, we have played a significant role in several projects in and around the city as part of an overarching regeneration programme. At Lime Street Station, work has begun to transform this gateway to the city that will unmask the station’s listed Victorian gable end and create an impressive new public realm in front of the station. Liverpool Vision, the local Economic Development Company, is carrying out this redevelopment in collaboration with English Partnerships, and other partners including Network Rail and Merseytravel.

Meanwhile, redevelopment of the 14.6 ha Kings Waterfront continues – one of the largest development schemes in Liverpool. This ambitious project, a partnership between English Partnerships, Liverpool Vision, Government Office for the North West, the Northwest Regional Development Agency and Liverpool City Council, has so far created a 10,600-seat Arena and 1,350 seat Convention Centre with

exhibition space, a piazza, and car parking. The Arena was completed in early 2008 and opened to coincide with the city’s Capital of Culture launch celebrations, while the Convention Centre hosted its first event in April 2008. In addition, the development will include up to 500 mixed homes meeting a minimum *Code for Sustainable Homes* Level 3, two hotels and shops.

As URCs have matured, they have started to look beyond the physical issues to wider economic and social aspects of an area’s regeneration. In response to this, in 2007, the Government launched the CDC (City Development Company) concept – later rebranded as EDC (Economic Development Company) – and several URCs have reformed their business.

The profile of URCs continues to remain high, bolstered by large-scale developments and investment transactions, such as *mediacity:uk* in Salford, the largest single regeneration project in northern England. As an active partner of Central Salford URC, we have supported this initiative, that will create 15,000 jobs, house 1,150 creative and related businesses, and support 1,500 trainee posts each year. It has raised the URCs projected private sector investment level to £4bn over the next 15 years.

Over the last year we have also helped a number of URCs secure substantial funding, including over



£300m of investment in Gloucester for Gloucester Heritage by March 2008.

With a further £250m committed, this is a huge regeneration project with a mission to 'bring life back to historic areas of Gloucester'.

As a founding partner of Gloucester Heritage, we are helping the company with the delivery of new homes, the creation of thousands of new jobs and the redevelopment of the city centre. This includes construction of a spectacular new bridge that is due to open in summer 2008 and will link the major canal-side regeneration areas. All of these will help transform Gloucester into an exemplar sustainable community.

Key to the redevelopment is the brand new 20,000 sq m Gloucestershire College, that opened its doors in September 2007, and is providing 6,000 students with a wide range of academic disciplines. It is hoped that the provision of such facilities will attract more residents, in an area that is currently under populated, and act as a model for contemporary city centre living.

In Corby, the URC partnership has successfully reached agreement with Network Rail to connect the growing town to the rail network. English Partnerships has now let the contracts to build the new rail station by the end of the year.

We have also been working with partners – Kent County Council, Ashford Borough Council and SEEDA – in Ashford, Kent, to develop a new delivery company. Known as Ashford's Future, it will take responsibility for doubling the size of the town and co-ordinating the wider regeneration programme.

#### **Unlocking potential**

Within urban areas, we are working with local authorities to improve existing housing stock through estate regeneration in collaboration with the Housing Corporation. This will provide funding solutions to unlock the potential of some of England's most run-down and deprived areas.

For example at the Ferrier Estate in Kidbrooke, Greenwich, we are funding up to £45m towards masterplanning, demolition and infrastructure works. Built in 1974, Ferrier is today representative of many estates created during that period – single tenure, badly designed and failing – plagued by high levels of crime, vandalism, and unemployment.

The 109 ha community regeneration scheme will deliver up to 4,400 new homes, of which at least 1,910 will be affordable. There are also plans for a new transport interchange, shops, substantial office and business units, a health centre, community buildings, plus improved green spaces and a public square.

#### **Engaging with local people**

Our projects aim to leave a legacy of diverse, thriving and sustainable communities. Experience has shown that key to building successful neighbourhoods is community engagement, since it allows those who will benefit most to have a say in shaping the kind of communities they would like to be a part of.

Benefits of early stage community engagement include:

- Creating a better place – utilising local knowledge contributes to long-term sustainability and a better end product;
- Ironing out uncertainties – removing doubts and tensions in project development speeds up planning approvals; and
- Building social cohesion – developing a common vision and sense of belonging with people from different backgrounds.

We have developed 10 guiding principles for successful community engagement, and produced a publication on our *Approach to Community Engagement* in July 2007.

Left:  
*The Rowner Estate, Gosport,*  
presents a site assembly challenge.

Right:  
*'Births, Chimneys and Lightermen –  
Collecting Greenwich Peninsula'* by  
Julian Walker. Public art installation  
on Greenwich Peninsula, London.



## Case Study: Art in the public realm

Art in the public realm embraces a wide range of art forms – from permanent site-specific sculptures and the shaping of our environment, to temporary installations or interventions that excite and challenge our perceptions of our environments. Art has a part to play in the successful regeneration of communities and helps encourage local people to embrace new ideas and skills, to develop a sense of ownership and belonging, and make decisions about their locality.

We believe that encouraging artists to work alongside other professionals and designers can bring an extra dimension of thought, research, sensibility and understanding to the design of public places and the way people experience them.

Our support for art in the public realm initiatives as part of the continuing regeneration of Greenwich Peninsula in London is an excellent example. In February 2008, Peninsula Square – itself completed in 2007 and already a popular community space – became host to *'Births, Chimneys and Lightermen – Collecting Greenwich Peninsula'*, by artist Julian Walker.

This meticulous collection of over 1,500 artefacts and texts captured the social, historical and geographical landscape of the Peninsula. Response to the artwork has been extremely positive, with 91 per cent of those surveyed saying that they would like more art on the Peninsula, and 84 per cent stating that the artwork made them more aware of Greenwich Peninsula as a place with a history and a future.

To showcase art in the public realm at Greenwich Peninsula, the website [www.artongreenwichpeninsula.com](http://www.artongreenwichpeninsula.com) was launched, enabling members of the public to explore the programme in more detail.





Following community consultation on these plans during November 2007, a planning application is due for submission shortly.

We are also investing in a notorious area of the Rowner Estate in Gosport. This challenging programme involves complex site assembly including the need to acquire and demolish over 300 privately owned leasehold and commercial premises. Working with Gosport Borough Council, Hampshire County Council, the Housing Corporation, Portsmouth Housing Association and Taylor Wimpey, the project will deliver a mixed-use development including 650 homes with work on site due to commence in 2009.

In Plymouth, we are bringing about the biggest post-war reconstruction project in southern England. The first two phases of the £300m Millbay harbourside scheme, being delivered by Midas Homes and English Cities Fund, are scheduled for completion in summer 2008. This 11 ha brownfield development will help tackle social and economic deprivation in the area, and is being built to English Partnerships' national Quality Standards.

Designed in partnership with local people, the new neighbourhoods will contain 1,233 homes (of which 25 per cent will be affordable), shops, bars and cafés along with business space, extensive pedestrian areas and a new marina to complete

the picture. The project is expected to create up to 5,000 new jobs.

However, it isn't just the regeneration and rejuvenation of declining areas that are important. We also create new communities.

For example, our work in Milton Keynes, guided by Milton Keynes Partnership, has led to the creation of one of the country's most successful towns in terms of its growing and thriving population and its recognition as a major business investment destination.

Of significance is the development of a new coachway – the UK's second busiest coach interchange – due to start in September 2008.

Work is nearing completion on the 'Hub', officially opened by HM The Queen and HRH Prince Philip on 30 October 2007.

This vibrant city centre area features hotels and restaurants and residents have been moving into the new apartments since June 2007. A new 4,500 sq m office building provides space for over 400 workers and occupants include HSBC and the Institute of Chartered Accountants.

Also in central Milton Keynes the EU Concerto programme – an initiative to develop innovative policies for creating an energy independent Europe – produced its first results. Here our largest Combined Heat and Power plant has been completed and serves West

End One, a project being developed by Places for People. English Partnerships worked as part of an international consortium that included partners from Almere (Holland), Ajaccio (France) and Viladecans (Spain) to secure EU funding.

### Setting the benchmark

Paving the way for the creation of communities has also been demonstrated through the success of our Millennium Communities Programme, including those at New Islington in East Manchester and Telford.

Already, over 1,200 homes have been completed in the Programme, with a further 1,000 under construction. At Telford Millennium Community, the first 26 homes were completed in Phase 1 at the end of March 2008 and there has been keen interest from prospective buyers.

In August 2007, the Yorkshire residents of the 1,000th property in the Millennium Communities Programme moved into their new home at Allerton Bywater near Leeds.

The Programme provides a range of high-quality homes aimed at encouraging an environmentally friendly lifestyle. Each of the seven new developments across England has been individually masterplanned and designed to take account of the local environment. All will include green open spaces, wildlife areas and recreation facilities to provide places where community life flourishes.





*Opposite page:  
HM The Queen and HRH Prince Philip  
at the official opening of the 'Hub',  
Milton Keynes in October 2007.*

*Left:  
Newly completed show homes at  
Telford Millennium Community.*



Some, like Allerton Bywater, have been built on former coalfield sites, thereby reusing long-term derelict land, helping us achieve our objective of unlocking thousands of hectares of previously developed brownfield land for redevelopment.

The Programme has attracted some of the UK's most talented architects and successful developers, whose challenge was to create an exciting new vision – one that helps the area to attract more opportunities, investment and establish neighbourhoods with bright prospects.

#### **Low-cost home ownership**

Creating sustainable mixed communities also relies on a good cross-section of homes people can afford to buy and rent. Our successful low-cost home ownership programmes, such as the London-Wide Initiative and First Time Buyers' Initiative (FTBI), have helped more people into home ownership.

Now at the end of its second year of operation, the FTBI (part of Government's HomeBuy programme) enables key workers and other eligible groups to purchase a new-build home on a designated development, with an affordable mortgage and Government assistance delivered through English Partnerships. Currently, there are almost 100 schemes across England, and it is forecast that FTBI will deliver up to 3,500 homes by 2010.

The Initiative has proven popular. At the end of 2007/08 over 1,000 first-time buyers had committed to buying an FTBI home – of which over 800 had completed their purchase and moved in.

It is expected that the experience of delivering FTBI will provide valuable insights into the future development of low-cost home ownership by the new Homes and Communities Agency.

#### **Healthy communities**

Physical regeneration alone is not enough. No community can fully thrive if poor health, job opportunities and other quality of life issues are not addressed as part of a comprehensive regeneration plan. Nowhere is the need for continuing partnership activity that tackles these broader community issues more evident than in the former coalfield areas.

In Rotherham, for example, the £12m Breathing Space centre was opened in spring 2007 to treat workers suffering from respiratory illnesses. Together with our partner, the Coalfields Regeneration Trust, we provided funding support for this unique health centre dedicated to respite care and treatment of patients with severe obstructive pulmonary disease. It is the first centre of its kind in the country and aims to be a place of excellence in its field, as well as providing a focus for community activity.

Many of the former coalfield sites in our National Coalfields Programme (NCP) – such as Betteshanger, Chatterley

Whitfield and Silverdale – include country parks and nature reserves as part of their redevelopment. These parks not only encourage wildlife to flourish – on what were often heavily contaminated sites – but will also help promote healthy living for residents by offering miles of footpaths and cycle tracks to be enjoyed.

#### **Jobs and homes: a vital combination**

Bringing homes and jobs together can have a real impact on the success of a community. In July 2007 we launched the Network Village concept – a £50m plan to create six vibrant mixed-use sustainable villages on former coalfield sites.

This concept, created with our developer partner, Langtree Group plc, as part of our Network Space joint venture, aims to deliver a range of exemplar housing, over 1,200 jobs and provide high-quality business space that will retain and attract employers.

The first Network Village will be located at the former Murton colliery in County Durham, which closed in 1991.

Creating communities that stand the test of time is no easy task, but through its programme, English Partnerships has achieved important progress in the past year towards achieving this goal.



*Left:  
Residents of the 1,000th Millennium Community  
home with Penney Poyzer at Allerton Bywater  
Millennium Community, near Leeds.*

*Right:  
First London-Wide Initiative homes,  
Adelaide Wharf, Hackney, East London.*



## Case Study: Low-cost London living

High property prices and living costs have severely limited access to home ownership and these problems are particularly acute in London.

The provision of good quality affordable homes has failed to keep up with demand, meaning that essential key workers such as teachers and nurses find themselves priced out of the capital.

The London-Wide Initiative (LWI) was established in 2003 to make affordable homes available to key workers. LWI helps key workers by giving them the opportunity to buy a new property for a discount of up to 50 per cent of the full purchase price.

Under the Initiative, English Partnerships shares the costs and benefits of homeownership with the purchaser. The purchaser has 100 per cent ownership and title to their brand new home but will share any increase in value with English Partnerships when they choose to sell.

We acquired a range of 15 development sites across inner and greater London to deliver mixed-tenure communities in collaboration with the Housing Corporation, the Greater London Authority and the Department for Communities and Local Government. Three development partners were selected to work on LWI schemes – First Base, Key London Alliance and

a consortium led by Countryside Properties plc. This partnership between the public and private sectors has created a new way of delivering homes by utilising land value to generate additional affordable properties.

The success of LWI was very much in evidence upon completion of the first development at Adelaide Wharf in Hackney, East London. Built around a substantial landscaped garden, the development includes 74 key worker and affordable homes, 73 private homes and 700 sq m of affordable workspace. All of the key worker properties were reserved within three hours of going on sale and the first residents moved in during November.

All of the homes have large balconies, timber flooring, granite worktops and quality kitchen and bathroom suites. Other features include a centralised heating plant, harvested rain water systems and ecological roofs/gardens.

Planning permission was granted for two LWI schemes at Elephant and Castle during August and September 2007. Planning applications are also currently being considered by local planning authorities for sites at Barking, East Greenwich, Lewisham, Islington and in Tower Hamlets. Three schemes are under construction in Croydon, Central London and Wandsworth.

Overall, LWI will deliver up to 5,000 homes with around 1,500 set aside for key workers.

# Quality and innovation



*Sustainable urban drainage system (SUDS), Upton, Northampton.*



‘...we aim to push the boundaries of place-making, testing new technologies and continuously improving standards...’

#### **Improving the quality of life and enhancing the environment through innovation and raising standards**

The quality of the places where we live is bound to have a direct effect on how we live, our interaction with the local community and the impact we make on the environment. In developing our role as an innovator, and by setting high-quality requirements, we aim to push the boundaries of place-making, testing new technologies and continuously improving standards to ensure that the communities we create are well designed, of the highest quality and respect the environment.

Creating truly sustainable communities that will stand the test of time for generations to come is fundamental to our work.

#### **Meeting the environmental challenge**

Housing accounts for 27 per cent of UK CO<sub>2</sub> emissions and so reducing domestic emissions is an important objective of the Government's climate change policy. This policy sets out targets to reach the Kyoto commitment to cut greenhouse gas emissions by 20 per cent below 1990 levels by 2010 and the Government's own longer term goal to reduce CO<sub>2</sub> emissions to 60 per cent of 1990 levels by 2050.

English Partnerships has a central role in helping the house-building industry tackle the challenge of climate change. Since April 2007, we have required all

new homes built within our programme to achieve at least Level 3 of the *Code for Sustainable Homes*. This will increase to Level 4 in April 2010 and Level 6 from 2013, keeping us ahead of mandatory requirements. This will ensure that we continue to set the pace and encourage developers to test out new technologies and building methods in advance of the various levels becoming the norm.

A report by the UK Green Building Council published in December 2007, looked at the feasibility of producing a version of the *Code for Sustainable Homes* for other building types. Prior to this, the Chancellor announced in the November 2007 budget the Government's ambition for all new non-domestic buildings to be zero carbon from 2019.

To realise this ambition, the Government will establish a taskforce to advise on the timeline, how to reduce carbon emissions in the intervening period, and the particular challenges faced in some public sector areas such as hospitals, prisons and defence establishments. Currently, English Partnerships generally requires development – other than housing – to meet a minimum BREEAM rating of ‘Very Good’.

To accelerate this journey towards zero carbon, and in response to the 2007 *Planning Policy Statement on Climate Change*, English Partnerships is aspiring to create the country's first large-scale Level 6 communities. In the first year of the Carbon Challenge, we identified

four sites – Hanham Hall (South Gloucestershire), South Bank Phase 1 (Peterborough), Bickershaw (Wigan) and Brodsworth (Doncaster) – and appointed a preferred developer for Hanham Hall.

The Challenge has proven popular with the development industry, generating interest in the four sites and resulting in high-quality bids to date for the first two sites.

The two sites remaining, owned by Regional Development Agencies (RDAs), also form part of English Partnerships' National Coalfields Programme, highlighting that much of our work is undertaken in partnership to deliver local priorities in the regions.

Bickershaw Colliery (South) in Wigan is owned by the Northwest Regional Development Agency (NWDA) and is expected to deliver up to 650 homes, 2,750 sq m of mixed-use commercial space and potentially a new canal basin.

Brodsworth is also a former colliery, owned by regional development agency Yorkshire Forward. It comprises 13.7 ha of land that is set to provide around 450 homes and additional mixed-use commercial space. Developers for each of these sites will be selected in autumn 2008.

Aside from the Carbon Challenge, we have also made progress on other developments such as the Heart of East Greenwich project, which forms part of our London-Wide Initiative.



In the past year, following extensive community consultation with local people, developer First Base submitted plans for a new mixed-use scheme that will regenerate the site of the former Greenwich District Hospital. It proposes to achieve zero carbon status through on-site generation of heat and power using Biomass CHP and thermal storage, supplemented during peak periods by gas boilers.

At Upton in Northampton, we are working with the Borough Council, West Northamptonshire Development Corporation and The Prince's Foundation to create an urban extension to the town, helping to meet the local need for homes identified in the East Midlands Spatial Strategy. The mixed-use scheme will deliver 1,382 homes – six of which aim to achieve at least Level 5 of the *Code for Sustainable Homes*, a primary school, shops, offices, a café/restaurant, public house, nursery, interpretation centre, playing fields and a country park. The use of a design code within the project has led to improved designs, which in turn has sped up delivery, particularly through the planning application process.

Currently around 450 homes are built and work has been completed on new infrastructure, including a roundabout and a spine road. Improvements have been made to the nearby Duston Mill reservoir to increase its effectiveness in line with new standards introduced by the Environment Agency to mitigate the risk of flooding.

Work has begun on the new Upper Nene Valley Country Park that lies to the south of Upton, including major flood alleviation work to allow for the wider expansion of Northampton. This public park will provide approximately 43 ha of open space and include footpaths, bridleways and cycle tracks as well as improved access to the River Nene and new areas of woodland. Importantly, the land's function as an existing flood plain will be enhanced.

All of these examples should help to inform Government's ambitious plans to create a series of eco-towns that will be championed in the future by the Homes and Communities Agency. This, along with our work in Cambridgeshire on the new settlement of Northstowe – a forerunner to the eco-town model – highlights the challenges the industry faces to meet the Government's stretching, but necessary, targets to create a new breed of sustainable communities. With our experience of creating large-scale new development and building communities in the New Towns, we are well placed to support the Government in beginning to turn this eco-vision into a reality.

#### **High-quality homes and places**

The quality of the places in which we live and work is at the core of our well-being. How places are designed, built and managed affects our housing opportunities and choices: our access to public transport, education and jobs;

## Managing water

The increasingly frequent heavy rains caused by climate change pose a challenge for drainage and floodwater management systems. With climate change also likely to make summer droughts more frequent, it is vital to use water efficiently and recycle it. The interim *Pitt Report*, published in December 2007, urged people to take the issue of flooding much more seriously and learn lessons from the past.

English Partnerships has included a requirement in its Quality Standards for developers to include proposals on how their design for a development will mitigate flooding. The use of sustainable urban drainage systems (SUDS) and natural bodies of water can attenuate runoff into rivers while also benefiting biodiversity, as we have seen at Lightmoor, Telford.

Rainwater harvesting is also encouraged on English Partnerships' sites. Galliford Try, developer of Graylingwell in Chichester (a former hospital site) will use this as part of its plan to create an 800-home zero carbon community with new facilities and amenities to serve local residents.

Left:  
Design for Manufacture homes,  
Linton, Maidstone.

Right:  
Cut away image of the proposed house  
design at Hanham Hall, the first Carbon  
Challenge site.  
Image courtesy of Barratt  
Developments Plc, 2008.



## Case Study: Living low carbon

Real changes need to be made to the way we approach achieving the higher levels of the *Code for Sustainable Homes* and the way we perceive 'eco' developments. Building homes is the easy part – the real challenge will be encouraging home owners to live a low carbon lifestyle.

This is something we are keen to see happen at Hanham Hall in South Gloucestershire, the first of our Carbon Challenge sites. The vision presented for the site by the chosen development consortium, led by Barratt Developments Plc, is inspiring and exciting. But the new community will also be liveable and work for the people who set up home there. For the first time, *Code Level 6* will be delivered on a large-scale and the aim is to offer the opportunity to live a 'normal' life but with a small or substantially reduced carbon footprint.

Hanham Hall was originally a modest farmhouse, added to and aggrandised in the 16th, 17th and 18th centuries. In 1803 it was acquired by a wealthy local landowner and industrialist who made further additions and alterations. It ceased to be a family residence during the first World War and in 1916 evolved into a hospital for mental health patients.

Its valuable history will be preserved through the restoration of the Hall for use as a community centre, at the heart of this cutting edge development. A Combined Heat and Power (CHP) plant will deliver carbon neutral electricity and heat for the homes and a development trust will be created to ensure that the aspirations of the design team are carried through the whole delivery process.

The Barratt approach to developing the new community of around 200 homes is to focus on holistic sustainability. They, along with English Partnerships, want Hanham Hall to be a place where low carbon lifestyle choices are the easy option rather than a chore. Measures ranging from local intranets and home office spaces to convenient allotments and local farm shops will offer future and existing local residents a range of options that are enjoyable, healthy and good for the planet.

The development sets out to demonstrate how *Code Level 6* can be achieved, three years ahead of mandatory legislation. Meeting the higher levels of the *Code* will not be easy, but unless pioneers such as English Partnerships and its partners continue to sprint ahead to deliver programmes like the Carbon Challenge, the industry as a whole will be left at the starting line.





where we shop and spend our free time; even whether we feel safe walking down the street.

English Partnerships has taken the lead in promoting ambitious standards through its programmes to create better quality places. It is very encouraging that these standards, such as Building for Life and Lifetime Homes have been adopted more widely across the public sector. The Design for Manufacture Competition and the Millennium Communities Programme before it, demonstrate that it is possible to combine construction efficiency and cost control with high-quality, flexible building designs incorporating new technologies. The lessons learnt from these initiatives are also finding their way into more mainstream development within the private sector.

In the past year, work began on seven of the 10 Design for Manufacture sites. On completion, there will be 145 stunning homes at Oxley Woods in Milton Keynes, designed by Rogers Stirk Harbour and Partners and built by Taylor Wimpey. Innovative 'EcoHats' allow hot air to be re-used, optimising energy consumption and providing solar water heating, while high levels of insulation and controlled ventilation reduce carbon emissions. The positioning of the homes on the site offers a true 'place for people' providing an environment that encourages interaction through well designed public and private spaces.

Also, part of the Design for Manufacture Competition, the former Linton Hospital in Maidstone has been transformed into an inspiring new community with the first homes occupied in October 2007. Work began in March 2008 on Horns Cross in Dartford – a 0.54 ha former army-occupied site located in the heart of the Thames Gateway – to provide 37 new homes in two blocks of flats and a row of houses. This scheme will help provide much-needed affordable homes in the area as 26 will be available through our First Time Buyers' Initiative. The remaining 11 properties are for rent or shared ownership purchase, ensuring a truly mixed, sustainable development.

We hope to leave a long-term legacy in the places we create and regenerate. Places that foster community interaction and cohesion and that give residents, businesses and users the power to influence what happens within their environment. With an ageing population and ever-growing need for affordable homes, it is even more important that we build homes of the highest quality to ensure they really do stand the test of time and can be enjoyed by future generations.

To help the development industry deliver its own legacy aims we, in partnership with the Housing Corporation, published a second volume of the *Urban Design Compendium* and launched a dedicated website – [www.urbandesigncompendium.co.uk](http://www.urbandesigncompendium.co.uk) – in September 2007. *The Urban Design Compendium 2* gives practical advice on delivering the urban design

principles set out in the original publication. It highlights leadership, integration, collaboration, long-term involvement and legacy as being the five fundamental building blocks of sustainable development.

Through our programmes and initiatives, which aim to adopt all of these principles, we have continued to push up the quality benchmarks, encouraging higher standards and a better result for English Partnerships, our development partners and ultimately those who will live in the communities we create. In November 2007 we revised our Quality Standards, which apply to all of English Partnerships' projects. These core common standards provide a level playing field enabling potential partners to plan ahead and adopt policies, products and practices to achieve the quality we require.

The revised set of standards now incorporate the *Code for Sustainable Homes*, measures to prevent overheating of homes in rising summer temperatures, a requirement to reduce noise penetration in new homes, environmental quality in civil engineering and minimum space requirements for new homes. We have also strengthened the requirements for community engagement and long-term management of developments.

#### **Innovation through funding**

We strive to find new ways of working to ensure quality underpins all aspects of our work and develop different approaches to working with partners





*Opposite page:  
Innovative green roofs at New Islington  
Millennium Community, East Manchester.*

*Left:  
Design for Manufacture homes,  
Oxley Woods, Milton Keynes.*



in order to pioneer innovation and challenge the norm.

Milton Keynes Partnership has devised and implemented the Milton Keynes Infrastructure Tariff that has provided a funding mechanism to secure the key infrastructure needed to support growth. To date, the Tariff has committed developers to provide more than £230m of Section 106 (S.106) payments to be spent on infrastructure related to growth. Over the past year, this has included a £3.5m contribution to a new leisure centre in Bletchley; £2.1m for the refurbishment of the new University building in Milton Keynes; £3m investment in improvements at the Abbey Hill junction on the A5; continued support for the expansion of Milton Keynes College and Milton Keynes Hospital; improvements at Junction 14 of the M1; and the start of the construction of a new £1.5m road bridge into the Eastern Expansion Area.

English Partnerships has always been at the cutting edge of setting up public-private joint ventures to deliver high-quality sustainable regeneration and development, and to maximise the return on public sector assets. We have accumulated a unique level of expertise and knowledge during the process of setting up joint ventures including Priority Sites Limited, English Cities Fund and Blueprint.

Our Urban Finance Team is now using this knowledge base to develop solutions for the wider public sector. The Team

was established with the aim of working with the existing delivery teams within English Partnerships and other public sector partners to examine new and innovative ways of using private sector funding to accelerate delivery of public sector outputs.

As part of this, we are creating Local Asset Backed Vehicles (LABVs). The principle behind a LABV is that a new company will be created; the public sector will invest in this company by transferring land and property assets. A private sector partner will be appointed (via a competition) who will invest cash in the new company to match the public sector investment. The LABV itself will then work to a delivery business plan using the cash and assets to deliver transformation regeneration locally.

We are currently in talks with local authorities and private companies about taking these proposals forward.

By attracting investment, driving up standards and improving quality we are pioneering a way forward that will set the bar for generations to come.

## Room to breathe

New housing in England provides some of the poorest internal space standards in Europe and the smallest average room sizes. The size of a home is one of the key factors in defining who can live there and how they can use the property. Housing size often determines how comfortable we feel within a space and how much privacy can be achieved. Good design and creative use of space can provide high-quality and appropriate densities plus increased quality of life.

The Parker Morris standards marked the heyday for council housing building in the UK and the fact that these standards are still revered today recognises how enduring the approach was. But space standards must be integrated with good urban design and construction quality to make good homes.

This is why English Partnerships revised its Quality Standards in November 2007 to include new standards on space. On all of our sites we now require homes to be built with minimum internal floor areas in relation to bedrooms and occupancy, making life far more pleasant for inhabitants.

Left:  
Construction works for the new leisure  
centre in Bletchley.

Right:  
Artist's impression of Chatsworth Gardens,  
Morecambe.



## Case Study: The catalyst effect

During the last 10 years the West End area of Morecambe has benefited from council designation as a housing renewal area, with significant investment being made to improve the existing housing. Despite these improvements, the area still suffers from a complex set of social issues. These include a transient population, high levels of multiple deprivation and benefit dependency.

A key aspect of the *Morecambe Resort Action Plan* highlighted the need to regenerate the residential area of the West End, to support tourism and the town centre of Morecambe. The *Action Plan* recognised that due to a poor perception of the area and the lack of sites available for development, significant investment by the private sector would not take place without support from the public sector.

Working with Lancaster City Council, the project objective was to attract a new population of families and aspiring single people or couples to create a more balanced and sustainable community. We hope that by increasing the quality of homes through good design and place-making it will act as a catalyst for further regeneration, changing perceptions of, and raising the aspirations of, the local community.

Phase One of the Plan has begun. In partnership with Lancaster City Council, we have now started working with Places for People and Peter Barber Architects to turn this vision into a reality at Chatsworth Gardens.

The innovative solution to this seaside location works with the existing street network and tackles the sometimes difficult interaction between public and private space by taking most of the private space to roof terraces and creating a block pattern of single aspect homes. Nearly all properties have a private courtyard that includes services, refuse storage and cycle parking. All homes have an allocated on-street parking space, while two 'pocket' parks create a community focus and promote social interaction.

The proposed 1.06 ha scheme provides 101 homes of different types. The buildings are generally two-storey with three-storey elements on the busier streets and a single five-storey home acting as a landmark. Several of the properties are proposed as duplex live-work units. All homes will achieve English Partnerships' Quality Standards clearly indicating that high density does not necessitate high-rise.



# Building capacity



*Construction at the Design for Manufacture site, Upton, Northampton.*

‘It has been a priority to ensure staff have the skills, knowledge and behaviours to deliver the large number of homes and new communities...’

#### **Developing skills, sharing knowledge and increasing talent to build success**

We are committed to developing and expanding our regeneration skills to meet business and industry needs and this year – following the announcement of challenging housing targets in the *Housing Green Paper* – the demand for a high level of expertise has been exceptional. It has been a priority to ensure staff have the skills, knowledge and behaviours to deliver the large number of homes and new communities needed for future generations.

Our extensive *Learning Works* training programme has been expanded to assist staff to develop their expertise and we have been working with the Roffey Park Institute to develop a Management Development Programme that combines learning with coaching skills.

This training is aimed at supporting staff in their managerial roles in the lead up to, and eventual creation of, the Homes and Communities Agency. We have also launched our Career Development Programme that gives individuals a unique opportunity to take a fresh look at their careers, personal development plans and goals.

Our commitment to expanding the skills pool within the Agency starts with recruiting talented individuals and we have achieved this through the high-quality applications received via our recruitment processes and our Graduate Development Programme.

The Programme has continued to be a success with an ever-growing range of organisations keen to work with our trainees.

In March 2008 the Academy for Sustainable Communities and English Partnerships published the draft Brownfield Skills Strategy, which highlighted the need to increase and improve brownfield skills in the sector. The partnership called for cross-sector support to address the need for the skills necessary to allow the creation of three million new homes by 2020.

Our *Equality and Diversity Strategy* and the supporting action plan are in place – demonstrating our commitment to developing an organisational culture that values people from all sections of the community. All staff have attended a workshop on valuing diversity and new starters will be invited to attend as they join the Agency. Our websites are designed to be accessible for individuals with visual and motor disabilities, and we build all new websites to meet the worldwide web accessibility standards.

A *Community Engagement Best Practice Note* and *Toolkit* have been developed to provide guidance to staff and ensure that our community engagement is fully inclusive and effectively communicates with all ‘hard-to-reach’ groups. Ensuring that the community is involved early in the development process is vital in helping us to create sustainable mixed-use communities that have a long-term future.

Women can be under-represented in the regeneration sector and our Women into Management programme helps address this issue. Our third programme is now taking place and both the 2006 and 2007 groups continue to meet, learn and further their career development. Of those who attended the previous programmes, six women have been successful in achieving a more senior post within the Agency.

The National Consultancy Unit (NCU) is our specialist advisory team; members have extensive knowledge of core business areas and support our delivery teams, local authorities and other partners to take projects forward by having input into development briefs and design reviews.

The NCU works with partners to research key issues; for example, with the Housing Corporation and Advisory Team for Large Applications (ATLAS) we published a report into supplying affordable homes under S.106 agreements. The report: ‘*Cascades: Improving certainty in the delivery of affordable housing for large-scale development?*’ emphasises the role that flexible mechanisms within S.106 agreements can have in ensuring delivery of affordable homes in large-scale planning applications.

We also share knowledge through networking events, secondments and e-magazines; for example our Carbon Challenge e-magazine. Regular networking events like the bi-annual Millennium Communities Partners Network (MCPN) meetings



are well-attended forums for sharing knowledge and experiences, and we are delighted that a strong spirit of co-operation has been forged among our partners.

We believe we have a social responsibility to both our staff and our surroundings. To help promote a healthy work-life balance, healthy eating has been promoted through a series of posters displayed in office kitchens and staff are offered a full Nuffield Medical examination.

Following publication of a report by the Sustainable Development Commission, our policy and facilities teams have been working together to improve performance in sustainability across our office buildings. Through the installation of a new boiler in the London office, we have already achieved a 50 per cent energy reduction.

Our electronic travel planning resource provides staff with information, guidance and journey planning using sustainable transport alternatives, including our car-sharing scheme, local and national public transport options and facilities for cyclists.

Improving our technology is paramount to working efficiently and we are constantly improving our systems – for example, ‘Horizon’ has been created as a bespoke database to record comprehensive details on all of our assets.

Additionally our tree stock – 380,000 at the last count – is now being recorded using GIS technology and databases to map and help us manage it. In fact, our Estates Management team won the Landscape Institute Award for its Tree Risk Management Strategy in December 2007.

Increasing our knowledge, developing the skills of our staff and ensuring a diverse range of talent helps us deliver a high-quality programme with an unrivalled expertise.

## Learning from others

To deliver quality places we need to learn from and be inspired by others. In this quest for inspiration and knowledge small teams have been travelling to Europe and across the UK to visit exemplar developments, such as Hammarby Sjöstad and Malmö in Sweden; widely regarded as the best international examples of integrated design and sustainable place-making.

Hammarby Sjöstad in Stockholm is a brownfield development and was conceived to expand the inner city with a focus on the water. The development has successfully housed 10,000 people and created 5,000 jobs in an urban neighbourhood with a strong emphasis on ecology and environmental sustainability.

Malmö has been completely transformed in the past 15 years from a failing industrial city into an affluent urban hub. The Bo01 development has created a distinctive, resource efficient and liveable place. A 100 per cent local renewable energy strategy has been adopted while residents regularly monitor their own consumption.

Closer to home, the inner-city docklands of Dublin were studied to see how high density development can be achieved with good space standards at moderate heights. This visit helped influence the creation of our new space standards, published in November 2007, as part of our revised Quality Standards.



Left:  
English Partnerships' Career Development Programme.

Right:  
Grade II\* listed building on the first Carbon Challenge site, Hanham Hall, South Gloucestershire that will form part of this new, innovative, zero carbon community.



## Case Study: Sharing knowledge and skills

As a best practice organisation, we recognise the importance of sharing skills and knowledge. Secondments can be a unique way of doing this, by bringing an expert into the organisation or sharing the expertise of English Partnerships with others. They also help us to establish new relationships with organisations that are working to achieve similar aims and help align English Partnerships with different specialist areas.

This year, one of our most passionate secondees has been Jill Channer, Heritage Advisor, who has joined us for two years from the Prince's Regeneration Trust – an organisation that specialises in the rescue, repair and regeneration of large historic buildings. Since April 2007, Jill has been working as part of our National Consultancy Unit, helping support both policy development and practical applications on site. Using her extensive knowledge on building preservation and protection, she has helped our teams deliver heritage-led regeneration.

We have enhanced our offer to development partners of 'combination packages', that is sites with both existing historic assets and opportunities for new development. Our portfolio of 96 hospital sites, for example, includes many historic buildings that can catalyse transformation into new contexts and uses.

The approach has been pioneered at Hanham Hall, near Bristol; our first Carbon Challenge site. Jill was integral to the stakeholder group and optimised the potential of this complex multi-period Grade II\* listed building, within an innovative strategy to design England's first zero carbon community.

As a result we have established collaboration with heritage organisations such as English Heritage, the Institute of Historic Building Conservation, the Government Historic Estates Unit and the Department for Culture, Media and Sport. From our close ties with English Heritage, the success of our Hospital Sites Programme was referenced in the *Biennial Conservation Report*.

Additionally, we have published new best practice in our Quality Standards on the re-use of resources, including historic assets, and had the opportunity to contribute to emerging legislation on heritage protection.

We will encounter many new challenges as we move forward into the Homes and Communities Agency but the skills and knowledge we have gained through working with Jill on heritage issues will be fundamental as we endeavour to preserve the past for the enjoyment and benefit of future generations.

# Business performance and monitoring



*New housing at Vision  
@ Devonport, Plymouth.*

## Managing performance and measuring the long-term benefits of our work

In spite of the deteriorating market conditions, particularly during the second half of the year, 2007/08 saw English Partnerships achieve another year of strong business performance.

The upper targets for all English Partnerships' core outputs were exceeded in 2007/08 as reported in the table on page 49. At 11,045, housing starts on site were 14 per cent higher than the number achieved in 2006/07; housing completions at 6,632 were up 57 per cent while employment floorspace rose 51 per cent to 492,000 sq m and private sector investment increased 24 per cent to £1.27bn.

The total outputs include those relating to the National Coalfields Programme delivered on sites owned and/or managed by the Regional Development Agencies. In 2007/08 the outputs delivered on these sites amounted to 104 ha of brownfield land reclaimed; 103 housing starts on site commissioned; 274 housing units completed; 97,994 sq m of employment floorspace created and £110m of private sector investment attracted.

In addition, as a result of our collaboration with the Housing Corporation, through The Housing Partnership, 340 housing units were completed.

During 2007/08, there has been demonstrable progress with the implementation of a number of initiatives aimed at maintaining the Agency's programme of continuous business improvement:

### Review of output measures

In October 2007 we completed a review of our short-term performance indicators (or 'outputs'). This review reaffirmed that the five core outputs provide appropriate performance indicators of the delivery of English Partnerships' objectives and are aligned to the proposed objectives of the Homes and Communities Agency. These are:

- Brownfield land reclaimed;
- Housing units – starts on site commissioned;
- Housing units – completed;
- Employment floorspace created; and
- Private sector investment attracted.

### Long-term outcome indicators

We have finalised the development of a framework of long-term performance indicators, (or 'outcome indicators') that will complement the output measures and provide an integrated framework of short and long-term performance indicators going forward. In particular, the outcome indicators will provide a measure of progress towards English

Partnerships' central objective – to create high-quality, sustainable communities – by indicating the Agency's success in making real and lasting improvements to the economic performance of, and quality of life for, local communities. The framework of outcome indicators, launched in April 2008, comprises 40 quantitative and 10 qualitative indicators and has been designed to add real benefit to delivery staff in scoping, planning, monitoring and evaluating projects.

The introduction of our new framework of outcome indicators has been reflected within our Project Gateway process. They will, we believe, encourage greater consideration of a project's 'baseline' outcome indicators in making both the business case for investment and in defining SMART objectives for each project.

### Equality and diversity

Further progress has been made in firmly embedding equality and diversity principles across the key areas of English Partnerships' business – both in terms of the workforce and through its programme. Equality impact assessments were introduced in April 2007 for all new and revised policies and project proposals. In addition, a *Community Engagement Toolkit* has been developed for all staff who are involved with either leading and/or facilitating engagement with local communities.





*Left:  
Construction works at Wolverton,  
Milton Keynes.*

*Right:  
Installation of solar panels on the Design  
for Manufacture site, Upton, Northampton.*

### **Management information**

We have continued to enhance our Project Control System to respond to ever-changing business needs. In particular, we recognise that our relationship with the private sector, especially the house-builders and developers, is of significant strategic importance and we are seeking to improve our market intelligence in this area. Our aim, in the coming year, is to integrate 'developer related' data from our underlying systems using our Data Warehouse. By improving the data we hold in our Project Control System and combining this with data held in other systems, we will be able to produce meaningful management information reports to better inform the Agency's decision making process.

### **Financial management and reporting**

Our financial management and reporting systems have been refined during the year, both to cope with evolving management needs and pressures and to progress the eBusiness agenda. We have successfully tested and piloted our eProcurement system ready to roll out across the organisation. The aim is to introduce a paperless 'procure to pay' process across English Partnerships.

### **Risk management**

We continued to further embed the risk management framework across the Agency. For example, the online risk register and reporting facility within

our Project Control System has been updated, the Risk Management Guide on English Partnerships' intranet has been revised and quarterly reporting to the Executive Management Board on risk profiles has been introduced.

### **Health and safety**

This remains a top priority for English Partnerships and further progress has been made during 2007/08. Site inspections have continued with over 90 per cent of scheduled sites inspected, and general risk assessments and fire risk assessments reviewed for all departments and offices. Health and safety training has continued and 65 new employees successfully completed the Institute of Occupational Safety and Health (IOSH) Working Safely course, while 16 essential car users attended business driver training. English Partnerships' policies on health and safety, asbestos and construction design and management, were reviewed to reflect changes in legislation and working practices.

### **Managing information risk**

A series of directives were recently issued by the Cabinet Office designed to improve confidence in the arrangements across Government for data handling generally and in particular personal data.

Whilst not designed to address any specific weakness or incident within English Partnerships, these directives impact on our systems and processes.

In addition to existing controls in place, further controls have already been, or are planned to be, implemented during 2008/09. Arrangements for specific assurances on the management of information risk are being put in place.



## Outputs from all approved projects<sup>1</sup>

	2005/06			2006/07			2007/08		
	Lower Target <sup>2</sup>	Upper Target <sup>2</sup>	Outturn <sup>3</sup>	Lower Target <sup>2</sup>	Upper Target <sup>2</sup>	Outturn <sup>3</sup>	Lower Target <sup>2</sup>	Upper Target <sup>2</sup>	Outturn
Brownfield land reclaimed (ha)	230	240	238	270	310	339	205	220	289
Housing units facilitated (starts on site commissioned)	5,040	6,070	7,187	8,490	9,560	9,724	9,150	10,300	11,045 <sup>4</sup>
Housing units facilitated (completions)	2,460	2,520	3,222 <sup>5</sup>	3,990	4,490	4,226 <sup>6</sup>	5,290	5,740	6,632 <sup>7</sup>
Employment floorspace created ('000 sq m)	250	270	419 <sup>8</sup>	260	300	326 <sup>9</sup>	400	430	492 <sup>10</sup>
Private sector investment (£m)	480	500	677 <sup>11</sup>	870	980	1,020 <sup>12</sup>	920	1,000	1,266 <sup>13</sup>

1 The figures in the table reflect English Partnerships' activity and exclude any outputs which have been attributed to our partners through joint working arrangements.

2 Targets were set internally and approved by CLG.

3 Outputs achieved in previous years are reviewed for validation purposes. This has highlighted some adjustments in 2005/06 and 2006/07 from those reported in previous Annual Reports. The figures have been restated above and reflect adjustments over the two years as follows: an increase in brownfield land reclaimed (6 ha) and reductions in housing starts on site commissioned (107 units), housing

completions (22 units) and private sector investment (£2m).

4 The outturn included a windfall of 639 units relating to the release of a restrictive user clause included in a prior year disposal.

5 Includes 1,939 units (60 per cent) built in 2005/06 to EcoHomes 'Very Good' standards or above.

6 Includes 1,776 units (42 per cent) built in 2006/07 to EcoHomes 'Very Good' standards or above.

7 Includes 2,960 units (45 per cent) built in 2007/08 to EcoHomes 'Very Good' standards or above.

8 Includes 273,097 sq m (65 per cent) built in 2005/06 to BREEAM 'Very Good' standards or above.

9 Includes 108,540 sq m (33 per cent) built in 2006/07 to BREEAM 'Very Good' standards or above.

10 Includes 215,564 sq m (44 per cent) built in 2007/08 to BREEAM 'Very Good' standards or above.

11 Some 30 per cent of the private sector investment is based on a formula to assess the end value to the developer in 2005/06.

12 Some 16 per cent of the private sector investment is based on a formula to assess the end value to the developer in 2006/07.

13 Some 11 per cent of the private sector investment is based on a formula to assess the end value to the developer in 2007/08.

# English Partnerships' Report on the Financial Statements



## Board Members' Report

The Board Members are pleased to present their report on the affairs of The Commission for the New Towns and The Urban Regeneration Agency, along with the audited Financial Statements and the auditors' reports for the year ended 31 March 2008.

### Statutory background

#### Commission for the New Towns

The Commission for the New Towns (the Commission) was established by Parliament under the provisions of the *New Towns Act 1959* and came into being in October 1961. The Commission operates under the provisions of the *New Towns Act 1981*, as amended by the *New Towns and Urban Development Corporations Act 1985*, the *Urban Development Corporations in England (Transfer of Property, Rights and Liabilities) (Commission for the New Towns) Order 1998*, the *North Hull Housing Action Trust (Dissolution) Order 1998*, the *Waltham Forest Housing Action Trust (Dissolution) Order 2002*, the *Tower Hamlets Housing Action Trust (Dissolution) Order 2004*, the *Castle Vale Housing Action Trust (Dissolution) Order 2005*, the *Liverpool Housing Action Trust (Dissolution) Order 2005* and the *Stonebridge Housing Action Trust (Dissolution) Order 2007*.

#### Urban Regeneration Agency

The Urban Regeneration Agency (the Agency) was established under the provisions of the *Leasehold Reform, Housing and Urban Development Act 1993*. It came into existence and took over City Grant on 10 November 1993, following Parliamentary approval of the *Leasehold Reform, Housing and Urban Development Act 1993 (Commencement and Transitional Provisions No. 3) Order 1993*. The Agency became fully operational on 1 April 1994 when it took over Derelict Land Grant and English Estates under the provisions of the *Leasehold Reform, Housing and Urban Development Act 1993 (Commencement No. 4) Order 1994*.

The Agency, jointly with the Commission, carries out its activities under the name of English Partnerships.

### Principal activities

#### Commission for the New Towns

The purposes for which the Commission exists are set out in Section 36 of the 1981 Act. These are:

- to take over, and with a view to its eventual disposal, manage and turn to account the property of the New Town and Urban Development Corporations and Housing Action Trusts transferred to the Commission; and
- as soon as it considers it expedient to do so, to dispose of the property so transferred and any other property held by it.

The Commission, in relation to any new town, urban development or housing action trust area, is required to have due regard to:

- the convenience and welfare of persons residing, working or carrying on business in the area; and
- until disposal, the maintenance and enhancement of the value of the land held and the return obtained from it.

#### Urban Regeneration Agency

The overall aim of the Agency is to secure the regeneration of areas of need through the reclamation, development or redevelopment of land and buildings. Whilst concentrating on the regeneration of land it will, wherever possible, operate within a broader regeneration framework working with local and regional partners, aiming to tackle the problems of an area in the round. Its programme will address the need for land for a variety of purposes, including housing, industrial and commercial premises, the attraction of inward investment, infrastructure, leisure, recreation and environmental improvements.

### Format of the Financial Statements

#### Commission for the New Towns

The Commission's Financial Statements for the year to 31 March 2008 have been prepared in accordance with the Direction on the Annual Accounts issued on 27 March 2007 by the Secretary of State with the consent of HM Treasury and in accordance with Section 9(a) of the *New Towns and Urban Development Corporations Act 1985*.

# Financial Statements

## Report on the Financial Statements (cont)

### Urban Regeneration Agency

The Agency's Financial Statements for the year to 31 March 2008 have been prepared in accordance with the Direction on the Annual Accounts issued on 27 March 2007 by the Secretary of State, with the consent of HM Treasury and in accordance with paragraph 9 of schedule 18 of the *Leasehold Reform, Housing and Urban Development Act 1993*.

The Government Financial Reporting Manual (FRM) requires that non-departmental public bodies regard grants in aid received for revenue and capital purposes as a financing flow and should therefore be credited to the Income and Expenditure Account reserve on the Balance Sheet. The result of this accounting treatment is to create deficits for the current and prior periods which represent the level of investment made by our Sponsor department.

### Pension arrangements

The accounting policy on pensions is disclosed in Note 1 of each of the Commission's and Agency's Notes to the Financial Statements. Information on Board Members' and Key Managers' pension entitlements is disclosed in the Remuneration Report which starts on page 64.

### Review of activities

Details of English Partnerships' performance during the year and expected future developments are contained in the Management Commentary, which starts on page 58. The main activities and achievements in the year to 31 March 2008 are detailed in the Annual Report.

### Future activities

We will seek to deliver the demanding regeneration programme agreed with the Department for Communities and Local Government (CLG) in the period up to the creation of the Homes and Communities Agency. The new body will combine the investment arm of the Housing Corporation, all the functions of English Partnerships and some of the housing and regeneration delivery functions from CLG. It promises to be the largest agency of its kind in Europe with an expected budget of circa five billion pounds a year. There is a willingness to bring forward the Homes and Communities Agency and the Board is mindful of its emerging priorities, focusing on investments that are aligned to those priorities.

### Commission for the New Towns

Until its activities transfer to the Homes and Communities Agency, the Commission will continue to work with Central and Local Government, the Regional Development Agencies, the Housing Corporation, the private sector and other partners to bring about sustainable economic regeneration and development in New Town, Urban Development and Housing Action Trust areas.

### Urban Regeneration Agency

Until its activities transfer to the Homes and Communities Agency, the Agency will continue to work with Central and Local Government, the Regional Development Agencies, the Housing Corporation, the private sector and other partners to bring about sustainable economic regeneration and development in the English regions.

### Results and transfer to reserves

#### Commission for the New Towns

The Commission's results for the year ended 31 March 2008 are set out in the Financial Statements on pages 74 to 101. The operating loss for the year amounted to £4.1m (2007: Operating Surplus of £41.2m). After charging interest payable and crediting interest receivable, the surplus for the year on ordinary activities before taxation was £24.3m (2007: £66.1m).

A taxation charge of £1m (2007: £14.9m) has arisen during the year, therefore, the overall retained surplus for the year was £23.3m (2007: £51.2m). Further entries recognised through the Statement of Total Recognised Gains & Losses relating to actuarial gains resulted in £26.5m (2007: £45.7m) to be transferred to reserves.

### Urban Regeneration Agency

The Agency's results for the year ended 31 March 2008 are set out in the Financial Statements on pages 102 to 129. Any deficit in the year is transferred from the Income and Expenditure Account to the grant reserve in the respective period. The retained deficit in the year is £251.7m (2007: deficit of £249.4m) and represents the level of investment made by our Sponsor department.

### Better payment practice code

In accordance with *Managing Public Money*, English Partnerships complies with the British Standard for Achieving Good Payment Performance in Commercial Transactions and with the *Late Payment of Commercial Debts (Interest) Act 1998*, as amended. We aim to pay all undisputed invoices within 30 days of receipt and at least 90 per cent of invoices, whether disputed or not, within this timescale. It is the policy to:

- settle the terms of payments with suppliers when agreeing the terms of each transaction and pay bills in accordance with contract;
- ensure that the suppliers are made aware of the terms of payment;
- abide by the payment terms of individual suppliers; and
- deal reasonably with complaints and disputes and advise suppliers without delay when invoices or parts of invoices, are contested.

During the 2008 financial year English Partnerships paid, on average, 92 per cent of all invoices within 30 days of receipt (2007: 90 per cent) and is committed to maintaining this high standard of performance as it sees prompt payment as a factor in achieving regeneration.

### Valuation of land and buildings

In accordance with the Accounts Directions, the Commission and the Agency have estimated the value of property assets as at 31 March 2008. This valuation was carried out by both internal and external qualified valuers, with independent external valuers appointed to perform the majority of the portfolio's value and also to value complex properties. In all cases, the valuations were in accordance with the *Statement of Asset Valuation and Guidance Notes (6th Edition)* published by the Royal Institution of Chartered Surveyors.

### Commission for the New Towns

The value, excluding property interests with a negative valuation, is in the region of £806m (2007: £808m). Note 16(c) to the Financial Statements gives details of the bases of valuation of the various categories of the Commission's property assets. The valuation method used in 2008 reflects a recognised industry standard of measuring market value. The future liabilities associated with property interests with a negative valuation have been prudently provided for in provisions for liabilities and charges (Note 21 to the Financial Statements) in accordance with modified valuations that take into account contractual, legal or constructive obligations.

### Urban Regeneration Agency

The valuation has indicated that the gross open market value of these property holdings is in the region of £880m (2007: £969m).

Open market value is considered to be at least equivalent to the net realisable value of land and buildings except in cases where specific limiting conditions attach to the Agency's approval and decision to acquire or develop the land for purposes which may affect the future realisable value. In such cases net realisable value is assessed by reference to the specific conditions applying to individual properties.



# Financial Statements

## Report on the Financial Statements (cont)

### Employment of disabled persons

Under its recruitment policies, English Partnerships gives full and fair consideration to all applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Should any employee become disabled while employed by the Agency or the Commission, arrangements will be made wherever possible for appropriate retraining with a view to continued employment. The policies in respect of training, career development and promotion recognise the need to make appropriate provision for disabled staff according to opportunities available and to organisational requirements.

### Employee relations

English Partnerships 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. Considerable emphasis is placed on an open management style with frequent and informal consultation at working level.

In the period up to the creation of the Homes and Communities Agency, monthly updates are received by colleagues from Sir Bob Kerslake, Chief Executive Designate of the Homes and Communities Agency. An Intranet web page on the Homes and Communities Agency Set-up Team has also been made available to colleagues. This enables the Set-up Team to communicate directly with all staff affected by the creation of the Homes and Communities Agency.

We have a single, integrated Equality and Diversity Strategy that not only reflects the changes in English Partnerships' legal obligations under equal opportunities legislation, but also reinforces English Partnerships' diversity commitment to staff, partners, stakeholders and the wider community within which we operate.

### Open Government and freedom of information

As a public body, English Partnerships is committed to the principles of Open Government, most notably those relating to service standards, customer service, information provision and value for money. The complaints handling procedure and standards of service have been widely distributed internally and externally. Openness in information provision was continued through the annual Open Meeting, the ongoing development and improvement of the website and a wide range of literature. Large-scale public consultation regarding major development and regeneration projects was also undertaken.

The *Freedom of Information Act* became law on 30 November 2000 with all provisions in place on 1 January 2005, and established a right of access to all types of 'recorded' information held by public authorities. We introduced our *Freedom of Information Act* publication scheme on schedule in November 2002 and implemented the terms of the Act in January 2005. We operate an Openness Policy, initiatives under which include the publication of Minutes of key meetings, including main Board meetings on our website. Full details of the Policy and its implications are published on our website.

### Auditors

#### **Commission for the New Towns**

The Comptroller and Auditor General is the statutorily appointed auditor under the provisions of the *New Towns Act 1981*, as amended by the *Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003*.

#### **Urban Regeneration Agency**

The Comptroller and Auditor General is the statutorily appointed auditor under the provisions of the *Leasehold Reform, Housing and Urban Development Act 1993*, as amended by the *Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003*.

The cost of work performed by the auditors for the Commission and the Agency, in respect of the year ended 31 March 2008, is as follows:

	<b>£'000</b>
Audit Fee – Commission for the New Towns	80
Audit Fee – Urban Regeneration Agency	80

So far as we are aware, there is no relevant audit information of which the auditors are unaware, and we have taken all the steps to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

## Corporate governance report

Corporate governance is the way in which organisations are directed and controlled. It defines the distribution of rights and responsibilities among the different stakeholders and participants in the organisation, determines the rules and procedures for making decisions on corporate affairs including the process through which the organisation's objectives are set, and provides the means of attaining those objectives and monitoring performance.

In July 2005 HM Treasury published a Code of Good Practice for corporate governance in central Government departments. Whilst this is not directed specifically at non-departmental public bodies the relevant principles contained within it are applied in English Partnerships.

English Partnerships' approach to corporate governance is set out in the following section on English Partnerships' Board, and in the Statement on Internal Control on pages 70 to 73.

### English Partnerships' Board

English Partnerships' Board comprises nine non executive directors, one executive director (the Chief Executive), and two ex officio directors (the Chief Executive of the Housing Corporation and, with effect from 24 March 2008, Sir Bob Kerlake, Chief Executive Designate of the Homes and Communities Agency). The Board is chaired by Robert Napier. All appointments are made by the Secretary of State. The recruitment process for non executive directors is run by CLG in accordance with the Code of Practice for Public Appointments Procedures issued by the Commissioner for Public Appointments. Non executive directors are appointed initially for periods of up to three years, and the level of their emoluments are set by the Secretary of State.

## Board membership

Brief particulars of Board Members are listed in the Annual Report. Further details of the Board composition are contained in the Remuneration Report which also includes details of Key Managers.

A Register of Interests held by Board Members is maintained by the Agency. The Register is open to the public and access may be obtained at the premises of English Partnerships. Access may also be obtained via the English Partnerships' website.

# Financial Statements

## Report on the Financial Statements (cont)

### Board Members' responsibilities

The Chairman and Board Members have overall responsibility for the conduct of the business of English Partnerships, both for ensuring that they meet their statutory responsibilities and for the quality of their management. This includes responsibility for the stewardship of public funds so as to ensure the highest standard of regularity, propriety and value for money for 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 English Partnerships' strategy and for developing its policies and programmes.

The Financial Memorandum issued by the Secretary of State, together with English Partnerships' internal delegations, sets out a number of matters that require specific Board and Departmental approval and authorisation limits. In addition, the Board has formally adopted a Code of Practice for Board Members based on Cabinet Office guidance. Copies of the code are available on request.

For the Commission, under Section 9(a) of the *New Towns and Urban Development Corporations Act 1985* and for the Agency, under Schedule 18 of the *Leasehold Reform, Housing and Urban Development Act*, the Board is required to prepare Financial Statements for each financial year in the form and on the basis determined by the Secretary of State with the approval of HM Treasury.

The Financial Statements of both are required to be prepared on an accruals basis and to give a true and fair view of the state of affairs at the year end and of the Income and Expenditure Account and cash flows for the financial year.

In preparing the Financial Statements the Board is required to:

- observe the Directions on the Annual Accounts issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- advise as to whether the going concern basis for the preparation of the Financial Statements is appropriate;
- make judgements and estimates on a reasonable and prudent basis; and
- state whether applicable United Kingdom law and accounting standards have been followed, and disclose and explain any material departures in the Financial Statements.

The Board confirms that the Financial Statements of the Commission and the Agency comply with the above requirements and that they should continue to be prepared on the going concern basis.

### Committees of the Board

During the year English Partnerships has formally appointed a Board Projects Committee (to December 2007), an Audit Committee, a Remuneration Committee and a Committee for the Milton Keynes Partnership.

#### Board Projects Committee

The Board Projects Committee gave formal consideration and approval to all projects requiring their approval as defined in the scheme of delegations, and all projects requiring the approval of CLG and HM Treasury. The first meeting was chaired by The Baroness Ford in May 2007, and thereafter by Dr. Pauleen Lane CBE. From January 2008 the work of this Committee was included as part of the Board's responsibilities.

#### Audit Committee

Robert Napier chaired the Agency's Audit Committee from April until December 2007 stepping down when he was appointed Board Chairman. John Parker replaced him as Chairman from January 2008, the other members during the year were, Dr. Pauleen Lane CBE, Dr. Anne Wright CBE, Dr. John Belcher CBE (April 2007 – January 2008), Aman Dalvi OBE (appointed January 2008) and Richard Harrold (appointed January 2008).



### **Remuneration Committee**

The Remuneration Committee is comprised of Dr. Anne Wright CBE (Chair), Robert Napier, Dr. Pauleen Lane CBE and Dr. John Belcher CBE.

The Head of Human Resources acts as the Secretary to the Committee and the Chief Executive may attend meetings at the invitation of the Remuneration Committee.

The Committee advises the Board of English Partnerships on the remuneration, terms and conditions and objectives for the Chief Executive and also advises on broader staffing issues such as English Partnerships' organisational structure.

The Committee monitors and approves:

- English Partnerships' Human Resource requirements against the organisational structure and revenue budget agreed by the Board;
- the terms and conditions of service, overall pay levels and performance awards that are referred to the Committee by the Executive; and ensures
- that there are clear legal and administrative arrangements covering the provision of the English Partnerships' pension schemes in respect of benefits and contributions, the administration of the schemes and the management of the pension funds.

The remit of the Committee has been expanded to address the potential issue of recruitment and retention of key staff posts as part of the transition to the Homes and Communities Agency.

### **Milton Keynes Partnership Committee**

The Milton Keynes Partnership Committee is a sub committee of the main English Partnerships Board, but is a partnership between English Partnerships, Milton Keynes Council, the Local Strategic Partnership, representatives from the health, community and business sectors and independent representation. John Lewis became Chief Executive on 1 April 2008 and it was chaired by Sir Robert Reid until 31 March 2008. It co-ordinates and implements the delivery of future growth in Milton Keynes and plays a key role in ensuring that infrastructure and community facilities are provided to support growth. The position of Chairman was filled by Dr. Ann Limb on 7 April 2008. English Partnerships' Board Members on the Committee are Dr. Pauleen Lane CBE and John Walker. The Committee has been granted development control powers to determine major planning applications within a defined Urban Development Area (UDA) and has formally established a Planning Sub Committee to exercise these planning authority powers.

# Financial Statements

## Management Commentary

### Introduction

The Management Commentary takes into consideration the recommendations outlined in the Accounting Standards Board's Reporting Statement *Operating and Financial Review*. Its objective is to provide a balanced analysis of:

- the development and performance of the businesses during the financial year;
- the position at the end of the financial year; and
- the main trends and factors underlying development, performance and position during the financial year and which are likely to affect the entities' futures.

### Nature, objectives and strategies

The overall aim of the Commission is to take over and, with a view to its eventual disposal, manage and turn to account the property of the New Town and Urban Development Corporations and Housing Action Trusts transferred to the Commission and as soon as it considers it expedient to do so, to dispose of the property so transferred and any other property held by it.

The overall aim of the Agency is to secure the regeneration of areas of need through the reclamation, development or redevelopment of land and buildings.

The Commission and the Agency are sponsored by the Department for Communities and Local Government (CLG) which in turn is governed by HM Treasury. There is regular liaison between CLG and English Partnerships to ensure that Departmental Expenditure Limits are met and to ensure that accounting treatment is consistent with HM Treasury guidance.

### Objectives and Business Strategy

We have three core business areas and deliver our objectives through:

- unlocking and increasing the supply of land – particularly surplus public sector sites – to meet housing and other growth needs; minimising greenfield development and tackling visual and economic blight;
- creating and sustaining well-served mixed communities where people enjoy living and working, using our skills and expertise to help local authorities and other partners deliver their vision; and
- improving quality of life and enhancing the environment through innovation and raising standards; and promoting the importance of good design, planning and build, to underpin the well-being of communities.

# Financial Statements

## Current Development and Performance

### Business development and performance

Significant features of the businesses in the financial year are contained within the Financial Performance section on page 62.

#### **Trends and factors underlying performance and position**

English Partnerships is dependent upon budgetary allocations received from CLG supplemented by our own self-generated receipts primarily from property disposals. Because of this we are also exposed to any economic changes in the general land and property markets within our areas of operation.

### Resources and relationships

#### Resources

##### Knowledge base

We have the skills and experience to work on large and complex programmes and are able to share our expertise and skills with our partners, adding substantial value to the projects in which we become involved.

##### People

We recognise our staff as our greatest asset and have focused closely over the year on the development of leadership and management training programmes as well as technical training for regeneration professionals.

##### Environment

English Partnerships is committed to the promotion of environmental sustainability in both our daily working practices and through the promotion of new standards for sustainable development and the advancement of best practice in our delivery programme.

### Delivery programme

We have set higher standards on all our development schemes through the adoption of our revised Quality standards. These currently include the Code for Sustainable Homes level 3, Chartered Institute of Building Services Engineers standards, Civil Engineering Environmental Quality Assessment and Award Scheme and noise reduction.

We continue to support increased innovation and carbon reduction on agreed exemplar projects, such as the Carbon Challenge where we have adopted the Code for Sustainable Homes level 6.

We continue to promote learning on our previous exemplar programmes, such as the Millennium Communities and Design for Manufacture through research, events and publications.

We have a specialist environmental sustainability consultancy panel to ensure that we have the best advice available to our delivery teams.

The 2007 Interim Evaluation Report - sponsored by both CLG and English Partnerships, (*Regenerating the English Coalfields*) concluded that the National Coalfields Programme had made a significant contribution in improving the environmental conditions of the coalfields as a whole, made a marked contribution to the growth of employment opportunities, had been cost effective and provided a high level of additionality.



# Financial Statements

## Current Development and Performance (cont)

Through our Environmental Policy statement, we:

- demonstrate continual environmental improvement against set targets and monitor performance reporting to CLG;
- meet the requirements of all relevant environmental legislation;
- respond to relevant Government policies and initiatives;
- use energy efficiently, including meeting an agreed target for reducing energy consumption at our offices; and
- actively promote environmental issues amongst all staff and offer a range of environmental training courses.

As we move towards the Homes and Communities Agency we will work together to ensure that the new Agency adopts the best environmental practices of both organisations.

During the period English Partnerships has:

- secured a development partner for the first Carbon Challenge site at Hanham Hall near Bristol, and is following a comprehensive procurement process to select developers for the next three sites. We will be delivering Code level 6 homes in new communities, demonstrating that it is possible to achieve environmental performance alongside high-quality standards of design; and
- adopted the Code for Sustainable Homes level 3 in April 2007 on all new sites briefed for market, this standard will be escalated to Code level 4 in 2010 and Code 6 in 2013.

Details of the Environmental Policy Statement and other environmental commitments can be found on English Partnerships' website.

## Relationships

### **Sponsor bodies, partners and suppliers**

English Partnerships has good working relationships with its sponsor department and other bodies such as Regional Development Agencies, local authorities, the Housing Corporation and HM Treasury.

This allows the sharing of expertise and best practice across the regeneration and development sector.

## Employees

A Joint Staff Council provides a mechanism for management and staff to discuss pay, conditions of service and other matters of concern. Through this procedure, through the management process and by means of newsletters, notices and circulars, all employees are advised on a regular basis of business performance and any related financial and economic factors which have contributed to that performance.

As part of our ongoing commitment to bring new people into the industry we continue to look for exceptional graduates to work with us on our Graduate Development Programme. Our third intake joined us in September 2007 and recruitment for the fourth intake, to start in September 2008, is complete.

The 'Women into Management' programme which was developed to help address the issue of gender equality in the sector is ongoing.

Management development and leadership have been identified by the Executive Management Board as priority areas for training within English Partnerships. Those staff who have responsibility for managing others have been given the opportunity to participate in a newly developed management development programme – 'Managing and Leading through Change'. The programme is designed to develop a shared management approach, language and style across English Partnerships which supports improved performance of teams and individuals.

# Financial Review

## Current and Future

### Financial performance

#### Commission for the New Towns

The most significant transactions within the Commission during the year included:

- The disposals of:
  - Oxley Park, Broughton and Ashlands sites in Milton Keynes;
  - Eaves Green in Central Lancashire; and
  - Part of the Preston East site in Central Lancashire.
- The transfer-in of the residual activities of Stonebridge Housing Action Trust.

#### Urban Regeneration Agency

The most significant transactions within the Agency during the year included:

- the acquisition of more surplus public sector land, including Connaught Barracks in Dover, Roussillon Barracks in Chichester, Guest Hospital in Dudley and the Bruche Police Training site in Warrington;
- the ongoing disposal of hospital sites including Graylingwell Hospital, Leybourne Grange, St Francis Hospital and Southlands Hospital; and
- the continued funding of the First Time Buyers' Initiative.

### Capital structure

English Partnerships generates significant resources, primarily through property disposals. The Agency also receives grant in aid from CLG as its activities are not fully self funded. Note 19 to the Agency's Financial Statements summarises the grant utilisation.

### Treasury policies and objectives

The Treasury Management Policy is designed to maximise the return on surplus funds by investing at the best interest rates and minimising risk by investing in financially stable institutions, with limited exposure in each. It is reviewed and approved by the Board on an annual basis.

The Commission holds the majority of cash balances and these will often be invested with financially stable counterparties for periods up to a maximum of six months. The Agency does not carry surplus funds, relying as it does on Grant in aid to meet its expenditure commitments. Any surplus monies are, therefore, short-term and invested on an overnight basis.

A series of internal and external controls exist to enforce segregation of duties and to help achieve the above objectives.

Full details of cash balances are provided in Notes 18 and 19 to the Commission's Financial Statements and on the Balance Sheet for the Agency, respectively.

### Cash flows and liquidity

As noted previously, the Agency relies upon grant in aid receipts from CLG to maintain general liquidity. The Commission is self-funded and maximises the earning capability of cash surpluses from profits of land sales whilst adhering to the Treasury Management Policy.

### Pensions

Employees of the Agency and the Commission are able to participate in contributory pension arrangements afforded by either the English Partnerships Pension Fund or a statutory Local Government Scheme administered by West Sussex County Council. These pension schemes have broadly comparable benefits and provide benefits based on final pensionable remuneration. The disclosures required by *FRS 17, Retirement benefits* are contained in Note 25 to the Financial Statements for the Commission and Note 23 for the Agency.



## Financial key performance indicators

### Financial Targets

The Secretary of State sets Departmental Expenditure Limits for Resource Consumption and Resource Capital. These limits are set for the Commission and the Agency, but surpluses in one entity can be used to offset deficits in the other. The combined limits for English Partnerships and performance against these limits were:

	<b>Limit</b> £m	<b>Actual</b> £m
Resource Consumption – Near-cash Capital	43 199	43 199
<b>Sub total</b>	<b>242</b>	<b>242</b>
Resource Consumption – Non-cash Annually Managed Expenditure	67 38	56 31
<b>Sub total</b>	<b>105</b>	<b>87</b>
<b>Total</b>	<b>347</b>	<b>329</b>

Departmental Expenditure Limits exist as a budgetary tool to control the performance of English Partnerships throughout the financial year. Monthly submissions summarising actual performance against these limits together with estimates of annual forecasts are made to CLG.

# Financial Statements

## Remuneration Report

### Unaudited information

#### **Constitution of the Remuneration Committee**

The constitution of the Remuneration Committee is set out on page 57.

#### **Remuneration policy**

In setting the remuneration policy, the Remuneration Committee has regard, within the constraints of being a non-departmental public body, to the following considerations:

- To provide rewards which will attract high-calibre management necessary to enable English Partnerships to fulfil its responsibilities; and
- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities.

The overall policy approach is not expected to change in the coming year.

#### **Service contracts**

John Walker's appointment as Chief Executive is for a fixed term to April 2009, subject to the acceleration or delay in the Homes and Communities Agency.

The Secretary of State appoints non-executive Board Members, with the exception of Steve Douglas, Jon Rouse and Sir Bob Kerlake, for periods of up to three years and also sets the level of their emoluments. Their appointments require three month's notice of termination.

Appointed on 2 July 2007, Steve Douglas is the Chief Executive of the Housing Corporation and is appointed as a non-remunerated Board Member while he holds that position. Jon Rouse, the Housing Corporation's previous Chief Executive, was a non-remunerated Board Member until his resignation as Chief Executive of the Housing Corporation on 30 June 2007. There is a reciprocal arrangement and the Chief Executive of English Partnerships sits on the Board of the Housing Corporation.

The present Board membership includes local authority, regional development agency, Housing Corporation and private sector representatives and all of the current non-executive Board appointments will remain, subject to the acceleration or delay in the Homes and Communities Agency.

English Partnerships' Secretary is Eileen Scott.

#### **Salary and pension entitlements**

The following sections provide details of the remuneration and pension interests of the Chairman, Board Members and Key Managers.

## Audited information

### Board Members' emoluments

	2008 £'000	2007 £'000
<b>Chairman</b>		
Robert Napier (appointed Chairman 1 January 2008)	31	12
The Baroness Ford (to 1 January 2008)	66	104
<hr/>		
<b>Current Board Members</b>		
<b>Non-Executive</b>		
Dr. Pauleen Lane, CBE (Deputy Chairman)	63	36
Dr. John Belcher, CBE	12	12
Aman Dalvi, OBE	12	12
Steve Douglas (appointed 2 July 2007)	–	–
Margaret Fay, OBE	12	12
Richard Harrold	13	12
Sir Bob Kerslake (appointed 24 March 2008)	–	–
John Parker	13	12
Dr. Anne Wright, CBE	12	12
Geoffrey Wright	12	9
<b>Executive</b>		
John Walker, Chief Executive and Accounting Officer	221	182
<hr/>		
<b>Former Board Members</b>		
<b>Non-Executive</b>		
Jon Rouse (to 30 June 2007)	–	–
<b>Executive</b>		
John Calcutt, CBE, Chief Executive and Accounting Officer (from 2 May 2006 to 2 January 2007)	–	126

There were no pension contributions made on behalf of non-executive Board Members.

### Chief Executive's emoluments

	Salary £'000	Taxable Benefits £'000	Employer's Contribution to pension fund £'000	Total 2008 £'000	Total 2007 £'000
John Walker (from 2 January 2007)	179	6	36	221	182
John Callcutt, CBE (from 2 May 2006 to 2 January 2007)	–	–	–	–	126

John Walker assumed full executive responsibility for English Partnerships and was appointed Chief Executive and Accounting Officer on 2 January 2007. His disclosed emoluments represent his total remuneration covering any changes in responsibilities during the period and not just in his current capacity.

# Financial Statements

## Remuneration Report

### Key Managers' emoluments

	Salary £'000	Performance Related Pay £'000	Taxable Benefits £'000	Employer's Contribution to Pension Fund £'000	Total 2008 £'000	Total 2007 £'000
Trevor Beattie Director, Corporate Strategy	152	8	5	30	195	178
David Edwards Regional Director, Southern England (from 23 July 2007)	83	–	4	17	104	–
David Hughes Regional Director, North-east, Yorkshire and East Midlands	128	2	5	25	160	118
Duncan Innes Director, Strategic Land (from 1 February 2008) (Previously Regional Director, London & Thames Gateway)	150	18	7	30	205	155
John Lewis Regional Director, Eastern England and Milton Keynes	137	16	4	36	193	146
Stephen Oakes Acting Regional Director, London & Thames Gateway (from 1 January 2008)	86	3	6	20	115	–
Charlie Parker Director of Investment and Performance	156	–	11	15	182	15
Eileen Scott Director, Organisational Development	150	9	4	30	193	163
Paul Spooner Regional Director, North West and West Midlands	137	8	4	27	176	145

The disclosed emoluments of Trevor Beattie, Duncan Innes and Stephen Oakes, who were appointed to their existing posts during the year, represent their total remuneration covering any changes in responsibilities during the period and not just in their current capacity. Stephen Oakes and Duncan Innes shared responsibility for London & Thames Gateway for the month of January prior to Duncan Innes taking up his new role as Director Strategic Land.

#### Secondment

Charlie Parker, Director of Investment and Performance joined English Partnerships on secondment from 5 March 2007.



## Salary

Basic salaries are determined by taking into account each individual's responsibilities, performance against agreed objectives and experience together with market trends.

Board Members are appointed to the Boards of the Agency and the Commission. All Board Members, including the Chief Executive, are paid directly by the Agency, which recharges a proportion of the emoluments to the Commission. The Secretary of State determines the Board Members' emoluments.

All non-executive Board Members commit three days per month to English Partnerships except the Chairman (both the Baroness Ford and Robert Napier) who commit two days per week and Dr. Pauleen Lane CBE (Deputy Chairman) who commits three days per week.

John Walker was the highest paid employee.

## Performance related pay

Executive Board Members and Key Managers, who are direct employees of the Agency, benefit from a Performance Related Pay scheme whereby any bonuses are determined with reference to performance against agreed objectives.

The Chairman is not eligible for performance related payments or other taxable benefits as a result of his appointment.

The post of Chief Executive is entitled to a bonus payment related to performance measured annually against objectives agreed by the Board. John Walker's salary above includes performance related pay of £20,879 relating to the appraisal period ended 30 June 2007.

No non-executive Board Members are eligible for performance related pay as a result of their appointment to the Agency.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument. They are in respect of lease cars.

# Financial Statements

## Remuneration Report

### Pension benefits

	Accrued pension at 31 March 2008 £'000	Accrued pension at 31 March 2007 (as adjusted by inflation) £'000	Real increase in accrued pension £'000	CETV 31 March 2008 £'000	CETV 31 March 2007 restated* £'000	Real increase in CETV £'000
<b>Board Members</b>						
John Walker (Chief Executive and Accounting Officer)	76	61	15	1,970	1,585	376

	Accrued pension at 31 March 2008 £'000	Accrued pension at 31 March 2007 (as adjusted by inflation) £'000	Real increase in accrued pension £'000	CETV 31 March 2008 £'000	CETV 31 March 2007 restated* £'000	Real increase in CETV £'000
<b>Key Managers</b>						
Trevor Beattie	45	43	2	802	760	34
David Edwards	1	–	1	13	–	–
David Hughes	25	21	4	339	280	53
Duncan Innes	9	7	2	152	128	16
John Lewis	20	14	6	258	174	75
Stephen Oakes	7	5	2	137	105	27
Eileen Scott	8	6	2	213	172	33
Paul Spooner	49	49	–	992	981	4

\*restated using 2008 pension factors

The Chief Executive and Key Managers are eligible to participate in the English Partnerships' Pension Scheme, which is a multi-employer defined benefit scheme. Neither Robert Napier nor Charlie Parker are members of the English Partnerships' Pension Scheme.

The previous Chairman, The Baroness Ford, was not a member of the English Partnerships' Pension Scheme, but her benefit on retirement is calculated in accordance with that Scheme's rules. Her accumulated entitlement is £28,200 per annum.

#### Accrued pension at 31 March 2008

The accrued pension entitlement is the pension which would be paid annually on retirement, based upon pensionable service to 31 March 2008. There were no transfers into the Scheme from previous employment during the year.

#### Real increase in accrued pension

The increase in accrued pension during the year looks at the movement in accrued pension benefits by comparing the accrued pension at the end of the year with the accrued pension at the beginning of the year (as adjusted by inflation of 3.9 per cent).

#### Cash Equivalent Transfer Value (CETV) 31 March 2008

The transfer values are the actuarially assessed capitalised value of pension scheme benefits. It is an amount payable by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The figures shown relate to benefits that the individual has accrued as a consequence of their total membership of the pension scheme and not just the service in a senior capacity to which disclosure applies.

#### CETV 31 March 2007

The CETV as at 31 March 2007 has been recalculated using 2008 pension factors so that it is calculated on the same basis as the CETV figure for March 2008.

#### Real increase in CETV

This is the actuarial value of the 'real increase in accrued pension' and reflects the increase or decrease in CETV attributable to the employer's funding. It takes account of the increase in accrued pension due to inflation, employee contributions and uses common market valuation factors. Although benefits transferred from another pension scheme or arrangement are included in the CETV figure they would normally be excluded from this figure to reflect the element of the cost that is effectively funded by the employer. There were no transfers-in during the year.



**Robert Napier**  
Chairman  
25 June 2008



**John Walker**  
Chief Executive and Accounting Officer  
25 June 2008

# Financial Statements

## Statements by the Accounting Officer

### Responsibilities of the Accounting Officer

The Accounting Officer for Communities and Local Government (CLG) designated the Chief Executive as the Accounting Officer for English Partnerships. The Chief Executive's relevant responsibilities as Accounting Officer, including responsibility for signing the Commission's and Agency's Financial Statements, for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper accounting and other records and systems, are set out in the Financial Memorandum issued to English Partnerships by the Secretary of State.

### Statement on internal control

#### Scope of responsibility

As Chief Executive and Accounting Officer of English Partnerships I have responsibility for maintaining a sound system of internal control that supports the achievement of agreed policies, aims and objectives, whilst safeguarding public funds and assets in accordance with the responsibilities assigned to me in Managing Public Money.

#### Accountability arrangements

The Commission for the New Towns and The Urban Regeneration Agency are Non Departmental Public Bodies that were sponsored throughout 2007/08 by CLG.

Arrangements for securing accountability between English Partnerships and CLG are set out principally in the Appointment as Accounting Officer letter issued to me on 2 January 2007, and the Management Statement and Financial Memorandum issued on 1 March 2004. An on-going dialogue is maintained and a series of formal CLG round up meetings were held to discuss general business. A number of other meetings regarding the Corporate Plan and other topics were held in addition to attendance, when required, at the Central Projects Review Group where the details of specific English Partnerships projects 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 English Partnerships' aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically;
- a set of governance arrangements designed to:
  - ensure that all decisions taken by the Agency conform to the freedoms and constraints allowed to it by CLG;
  - ensure accountability of staff and managers through internal structures and networks of delegated powers;
  - encourage staff and managers to act in the desired manner without requiring continual detailed intervention; and
  - a system of operational, procedural and financial controls based around a framework of planning, recording, monitoring, reporting and review.

The system of internal control has been in place in English Partnerships for the year ended 31 March 2008 and up to the date of approval of the Financial Statements, and accords with Treasury guidance.



### Capacity to handle risk

English Partnerships has in place an agreed Risk Management Policy and Strategy, which was last reviewed and updated in February 2007 and presented to the Audit Committee in March 2007. This sets out the Agency's objectives in respect of risk management and the strategy to be employed in putting the policy into effect.

Central to the strategy is a framework of accountabilities and reporting which flows down from the Board through the Accounting Officer and Risk Sponsor to the Executive Management Board, Executive Directors and risk owners. The operation of the risk management framework is supported by a dedicated Risk Manager. Following on from the identification, analysis and management of the key strategic risks to the Agency the Risk Manager has extended this work into the operational areas of the Agency by means of interviews and workshops with key members of staff resulting in the ongoing compilation of operational risk registers. This work has been further extended by creating an on-line risk register facility in the Project Control System software to capture individual project risks and then report to senior management on the accumulated exposure. In addition an annual risk workshop is held with the Board. Advice is provided to staff based on good practice identified in various Government publications on risk, including the Treasury Publication, *Management of Risk – Principles and Concepts*, and from information from relevant professional institutes e.g. Institute of Risk Management.

### The risk and control framework

English Partnerships has in place a number of structures and processes that are designed to identify, evaluate and manage the risks to the achievement of objectives.

#### Structures

- A formally constituted Board, details of which are set out on page 56
- The Milton Keynes Partnership Committee (MKPC) details of which are set out on page 57
- An Audit Committee, details of which are set out on page 56, supported by assurances provided on the system of internal control by Corporate Assurance, and on external financial reporting by the National Audit Office.
- A Remuneration Committee, details of which are set out on page 57
- An Executive Management Board that considers current issues, future plans, and puts into operation the strategic direction of the organisation agreed by the Board within the policy and resources framework agreed by the Secretary of State. The Executive Management Board along with the Board is responsible for the identification and evaluation of strategic risks and the development and execution of strategies to manage those risks. The Executive Management Board currently comprises nine Executive Directors (one of whom is on secondment to English Partnerships) plus the Chief Executive. There have been changes in the management structure and in The Executive Management Board appointments during the year and a number of realignments of managerial responsibilities and accountabilities in order to ensure continued management control. Each Executive Director provides an Accountability Report to the Chief Executive that sets out their achievements for the year relative to their objectives set out in business plans and provides a statement regarding the maintenance of the system of internal control in their respective areas of responsibility. For 2007/08 the reports have been provided based on current appointments and accountabilities.
- Regular meetings of Executive Committees to consider and make decisions on the whole range of issues affecting English Partnerships within a framework of freedoms and constraints issued by CLG and others, and the system of internal delegated authorities approved by the Board. This includes Executive Committees in each of the organisation's Directorates that meet regularly (at varying frequencies) to discuss key business issues and make decisions in accordance with their delegated authority. Each Committee has a defined Terms of Reference which sets out its role and remit, and the conduct, scope and authority of its operation.

# Financial Statements

## Statements by the Accounting Officer

- The Projects Executive has continued to review all projects above the delegation of Regional Director and requiring either Chief Executive or Board approval. Projects Executive meets on a monthly basis. Projects within Regional Director delegation are subject to scrutiny at a local level following defined standard Agency procedures. Regional Directors are required to state in their Accountability Reports that these procedures have been followed. A sample of such projects are independently reviewed during the year by Corporate Assurance to, among other things, determine if the required procedures are being followed.
- A Joint Staff Council to discuss a range of staffing issues during the year.
- A Leaders for Change forum including all of the organisations senior managers that focuses on key business issues.
- On 17 January 2007, the Secretary of State for Communities and Local Government announced the Government's intention to create a new agency - called at that point in time Communities England, now to be called the Homes and Communities Agency. The proposed agency will bring together the functions of English Partnerships, the investment arm of the Housing Corporation, the Academy for Sustainable Communities and a range of work carried out by CLG. The aims of the Homes and Communities Agency will be about creating opportunity for people to live in affordable homes in places that they want to live in, and for local authorities and communities to deliver the ambitions they have for their own area. In December 2007 Sir Bob Kerslake was appointed as the Chief Executive Designate of the Homes and Communities Agency and has established a Set-up Team that includes staff from all constituent organisations to oversee the creation of the new Agency.

### Processes

To deliver our remit, we are required to manage the risks involved in day to day operations as well as business opportunity risk. English Partnerships has developed an operating framework to support the on-going management of risk. The development of this risk management framework is designed to address risks associated with achieving the objectives of our business.

Good risk management allows English Partnerships to:

- have increased confidence in achieving its desired outcomes;
- effectively constrain threats to acceptable levels; and
- take informed decisions about exploiting opportunities.

Risk assessment and management features as an integral part of English Partnerships' core management processes, in particular the corporate/business planning, project appraisal and performance management processes. This is achieved by having:

- a business planning process that requires explicit assessment and identification of the key business and programme risks, together with robust plans to monitor, mitigate and manage these risks;
- an integrated performance and risk management process and supporting management information that ensures the key risks are regularly reviewed and appropriate mitigation or contingent actions taken; and
- continuous investment in the coaching and development of risk management skills at multiple levels within English Partnerships.

English Partnerships currently records risks in several locations, depending on category, to enable identification, assessment, control and review of all relevant risks:

- Strategic risk in a key risk register compiled by Board and Executive Management Board;
- Programme risk in Business Plans, Directorate key risk registers and Area key risk registers compiled by Regional Directors, Area Directors and Heads of Service; and
- Operational risk in Project risk registers compiled by Project Managers.

The principal risk issue facing English Partnerships is failure to deliver its objectives in helping the Government to support high-quality sustainable growth in England through its five core business areas. This principal risk encompasses a variety of categories of risk including: political, economic, commercial, technological, legal/regulatory, environmental, project delivery, governance, resilience, PSA targets, change, resources and reputation. We are aware of the range of potential risks that may arise to threaten the delivery of our programme.

#### **Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of the Audit Committee; Corporate Assurance; executive managers who have responsibility for the development and maintenance of the internal control framework, and comments made by the National Audit Office in their role as external auditors in their management letter and other reports. The results of the review of effectiveness have been reported to me and to the Board, and plans are in place to ensure the continuing effective operation of the system of internal control and to ensure its continuous improvement.

Following the reported losses of large amounts of personal data by other Government organisations during 2007/08 there have been a series of directives issued by the Cabinet Office designed to improve confidence in the arrangements across Government for data handling generally and in particular personal data. Whilst not designed to address any specific weakness or incident within English Partnerships, these directives impact on our systems and processes, and in addition to existing controls in place further controls have already been, or are planned to be, implemented during 2008/09, and arrangements for specific assurances on the management of information risk are being put in place.



**John Walker**  
Chief Executive and Accounting Officer  
25 June 2008

# Commission for the New Towns



# Commission for the New Towns

## The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and to The Board of the Commission for the New Towns

I certify that I have audited the financial statements of the Commission for the New Towns for the year ended 31 March 2008 under the New Towns Act 1981 as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Total 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 Commission for the New Towns, Chief Executive/Accounting Officer and Auditor**

The Commission for the New Towns and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the New Towns Act 1981 and Secretary of State directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of 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 New Towns Act 1981 and Secretary of State directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Board Members' Report, the Management Commentary, and the Remuneration Report, included in 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 Commission for the New Towns 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 Commission for the New Towns' 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 Commission for the New Towns' 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 Board Members' Report, the Management Commentary and 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 opinion**

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 Commission for the New Towns and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Commission for the New Towns' circumstances, consistently applied and adequately disclosed.

# Commission for the New Towns

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and to The Board of the Commission for the New Towns

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 New Towns Act 1981 and directions made thereunder by the Secretary of State, of the state of the Commission for the New Towns' affairs as at 31 March 2008 and of its surplus 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 New Towns Act 1981 and Secretary of State directions made thereunder; and
- information, which comprises the Board Members' Report, the Management Commentary and the Remuneration Report, 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.

## T J Burr

Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS  
30 June 2008

# Commission for the New Towns

## Income and Expenditure Account

Year ended 31 March 2008

	Note	2008 £'000	2007 £'000
<b>Income</b>			
Proceeds from disposal of property assets	2	87,717	141,276
Rent and other property income	3	4,220	4,155
Other operating income	4	20,619	36,168
		112,556	181,599
<b>Expenditure</b>			
Cost of property disposals	2	32,744	38,856
Administration and management		19,530	18,172
Repairs and maintenance		4,401	5,186
Rent of lease back properties		1,515	2,284
Project costs	5	38,024	50,157
Increase in provision for losses on development assets	16	10,034	13,186
Provision for other liabilities and charges	21	2,501	(2,112)
Provision for pension liabilities	22	(844)	(752)
Depreciation on tangible fixed assets	13	174	174
Other operating costs	6	8,536	15,241
		116,615	140,392
<b>Operating (loss)/surplus</b>			
Interest receivable	7	(4,059)	41,207
Interest payable	9	29,009	25,620
	10	(656)	(755)
<b>Surplus on ordinary activities before taxation</b>			
Taxation	11	24,294	66,072
		987	14,919
<b>Surplus for the year</b>			
		23,307	51,153
Retained surplus for the year		23,307	51,153

All activities above derive from continuing operations.

## Statement of Total Recognised Gains and Losses

Year ended 31 March 2008

	Note	2008 £'000	2007 £'000
Surplus for the year		23,307	51,153
Actuarial gain/(loss) from West Sussex Pension Fund	22	2,081	(5,468)
Gain on revaluation of Fixed Assets	24	1,073	-
<b>Total gains recognised since last Financial Statements</b>		26,461	45,685

The accompanying notes are an integral part of these Financial Statements.

# Commission for the New Towns

## Balance Sheet

As at 31 March 2008

	Note	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Tangible fixed assets	13	6,439	5,540
<b>Loans and mortgages</b>			
Water companies	14	31,030	31,208
Other loans and mortgages	15	2,838	2,963
		40,307	39,711
<b>Current assets</b>			
Property assets	16	274,926	264,136
Debtors due after one year	17	95,708	90,178
Debtors due within one year	17	51,160	26,312
Cash at bank and in hand	18	70,844	75,874
Investments	19	279,000	292,000
		771,638	748,500
<b>Creditors: amounts falling due within one year</b>	20	(35,639)	(29,954)
<b>Net current assets</b>		735,999	718,546
<b>Total assets less current liabilities</b>		776,306	758,257
<b>Provisions for liabilities and charges</b>	21	(24,730)	(30,667)
<b>Provisions for pensions</b>	22	(16,939)	(19,414)
		734,637	708,176
<b>Reserves</b>			
Income and Expenditure Account	24	733,564	708,176
Revaluation Reserve	24	1,073	-
		734,637	708,176

The accompanying notes are an integral part of these Financial Statements.

Approved by the Board on 25 June 2008 and signed on their behalf by:



**Robert Napier**  
Chairman



**John Walker**  
Chief Executive and Accounting Officer



# Commission for the New Towns

## Cash Flow Statement

Year ended 31 March 2008

	2008 £'000	2007 £'000
<b>Net cash outflow from operating activities</b>	(30,180)	(4,501)
<b>Returns on investments and servicing of finance</b>		
Interest received	28,501	25,640
Interest paid	(12)	(134)
<b>Net cash inflow from returns on investments and servicing of finance</b>	28,489	25,506
<b>Taxation</b>		
Corporation tax paid	(16,642)	(33,557)
<b>Net cash outflow from taxation</b>	(16,642)	(33,557)
<b>Capital expenditure and financial investment</b>		
Loans repaid to Commission: annual repayments	303	322
<b>Net cash inflow from capital expenditure and financial investment</b>	303	322
<b>Net cash outflow before use of liquid resources and financing</b>	(18,030)	(12,230)
<b>Management of liquid resources</b>		
Decrease in cash invested on short-term deposits	13,000	40,500
<b>Net cash outflow from management of liquid resources</b>	13,000	40,500
<b>(Decrease)/increase in cash</b>	(5,030)	28,270

The Commission includes as liquid resources term deposits of less than a year.  
The accompanying notes are an integral part of these Financial Statements.

# Commission for the New Towns

## Notes to the Cash Flow Statement

Year ended 31 March 2008

	Note	2008 £'000	2007 £'000
<b>Reconciliation of operating surplus to net cash (outflow)/inflow from operating activities</b>			
Operating (loss)/surplus		(4,059)	41,207
Surplus on disposal of property assets	2	(54,973)	(102,420)
Provisions for disposal of property assets	16	10,034	13,186
Provisions for liabilities and charges	21	2,501	(2,112)
Provision for pensions	22	(844)	(752)
Depreciation on tangible fixed assets	13	174	174
Expenditure on property assets	16	(41,874)	(57,274)
Disposal proceeds	2	87,717	141,276
Direct sales expenses and allocated admin costs	2	(11,694)	(12,743)
Expenditure charged against provisions	21, 22	(8,632)	(8,777)
		(21,650)	11,765
Increase in debtors due after one year		(5,530)	(13,325)
Increase in debtors due within one year		(10,827)	(5,205)
Increase in creditors		7,827	2,264
<b>Net cash outflow from operating activities</b>		<b>(30,180)</b>	<b>(4,501)</b>

	1 April 2007 £'000	Cash Flow £'000	31 March 2008 £'000
<b>Analysis of changes in net funds</b>			
Cash at bank and in hand	75,874	(5,030)	70,844
Short-term deposits	292,000	(13,000)	279,000
	367,874	(18,030)	349,844

# Commission for the New Towns

## Notes to the Financial Statements

Year ended 31 March 2008

### 1. Statement of accounting policies

#### (a) Statutory basis

The Financial Statements of the Commission for the New Towns (the Commission) are governed by the provisions of the *New Towns Act 1981*, as amended by the *New Towns and Urban Development Corporations Act 1985*, and by the Direction on the Annual Accounts given by the Secretary of State, with approval of HM Treasury, under the Act. The Direction issued on 27 March 2007 reflects Government policy that the Financial Statements should, insofar as appropriate, conform to the accounting and disclosure requirements contained in Managing Public Money and in the HM Treasury guidance, *Financial Reporting Manual*. This guidance aims to ensure that Financial Statements are prepared in accordance with applicable accounting standards, are produced on a commercial accounting basis and comply with generally accepted accounting practice in the UK. A copy of the Direction on the Annual Accounts issued by the Secretary of State on 27 March 2007 is shown on pages 98 to 101.

#### (b) Basis of accounting

The Financial Statements are prepared under the historical cost convention as set out in the Accounts Direction, modified to include the revaluation of tangible fixed assets as set out in the HM Treasury guidance, *Financial Reporting Manual*.

#### (c) Tangible fixed assets and depreciation

Furniture and fittings are stated at cost less accumulated depreciation and any impairment in value.

Land and freehold buildings are recognised initially at cost and thereafter measured at fair value, less depreciation on buildings and any impairment subsequent to the date of valuation. Land is not depreciated.

An assessment is carried out at each year end by a qualified valuer to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. A full valuation is performed every five years.

Depreciation is charged to the Income and Expenditure Account based upon cost or fair value (in the case of revalued assets), less estimated residual value of each asset evenly over its expected useful life.

- Buildings are depreciated on a straight-line basis over their estimated useful economic life and are assumed to have a 15 per cent residual value.
- Furniture and fittings are depreciated on a straight-line basis over 15 years and are assumed to have no residual value.

Any revaluation surplus is credited to the revaluation reserve except where it reverses a decrease in the carrying value of the same asset previously recognised in the Income and Expenditure Account, in which case the increase is recognised in the Income and Expenditure Account. An annual transfer is made from the revaluation reserve to revenue reserves for the depreciation relating to the revaluation surplus. Upon disposal any revaluation reserve relating to the particular asset being sold is transferred to the Income and Expenditure Account Reserve.

Furniture, equipment, plant and vehicles, which are not material in the context of the Commission's operations, are charged to administration costs in the year of purchase.

#### (d) Property disposals

Disposal receipts of property are recognised, net of VAT, at the earlier of the date when the Commission becomes contractually entitled to the income under an irrevocable contract, or on the transfer of title. Similarly the Commission releases an appropriate allocation of property asset expenditure to the Income and Expenditure Account when the income for the sale is recognised.

# Commission for the New Towns

## Notes to the Financial Statements (cont)

Year ended 31 March 2008

Where proceeds are receivable over a period of more than 12 months after the balance sheet date, the proceeds are discounted at the Commission's cost of capital rate to reflect the net present value of the receipts.

The corresponding debtor is also discounted and the difference between actual cash receipts and the net present value of the receipts is credited to interest receivable over the life of the debt.

**(e) Taxation**

Corporation tax is provided for in accordance with principles agreed between HM Revenue and Customs and the Commission. Deferred taxation is provided in accordance with *FRS 19, Deferred Tax* to include the estimated future taxation consequences of transactions and events recognised in the Financial Statements. Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred taxation assets and liabilities are discounted.

**(f) Administration costs**

These are allocated to property assets, disposals or the appropriate category within the Income and Expenditure Account.

**(g) Operating leases**

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

**(h) Pension costs**

The Commission accounts for pension costs in accordance with *FRS 17, Retirement Benefits*. During 2007/08 Commission employees were able to participate in the English Partnerships' Pension Scheme, or the Local Government Pension Scheme ('the West Sussex Scheme'), which are both multi-employer defined benefit schemes as described in paragraph 9 of *FRS 17*. In the case of the English Partnerships' Pension Scheme, contributions are affected by a surplus or deficit in the scheme, but the Commission is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Contributions are charged in the Income and Expenditure Account as they become payable in accordance with the rules of the scheme. The actuaries in the West Sussex Scheme, however, are able to estimate the Commission's share of underlying assets and liabilities on a consistent and reasonable basis. The Commission's share of assets and liabilities is included in the accounts. The Commission provides for liabilities relating to unfunded benefits within provisions for pensions. These are independently assessed by the funds' actuaries.

**(i) Provisions in respect of community related assets**

Provisions are made in respect of the estimated future maintenance costs of community related assets. This is done on the basis that these assets have no value and are not income generating and because it is the Commission's policy to transfer such assets to local authorities and other appropriate organisations. On transfer the Commission is usually required to transfer other assets of value, including cash, which equate to the estimated future maintenance liability attaching to such assets.

**(j) Property and civic assets**

In accordance with the Accounts Direction, property and civic assets are held at the lower of cost or estimated market value.



## 2. Disposal of property assets

	2008 £'000	2007 £'000
Proceeds from disposals	87,717	141,276
<b>Cost of property disposal:</b>		
Direct sales expenses and allocated administration costs	(11,694)	(12,743)
Book value of property disposals	(39,808)	(31,063)
Provisions utilised on disposals	18,758	4,950
	(32,744)	(38,856)
Surplus on disposal	54,973	102,420

## 3. Rent and other property income

	2008 £'000	2007 £'000
Building rents	1,713	1,849
Ground rents	833	738
Leaseback rents	892	1,219
Service charges	751	209
Miscellaneous	31	140
	4,220	4,155

## 4. Other operating income

	2008 £'000	2007 £'000
Housing Action Trusts	3,723	11,736
Contributions	312	284
Car Park Income	1,403	2,283
Release of restrictive covenants and other income	15,181	21,865
	20,619	36,168

## 5. Project costs

	2008 £'000	2007 £'000
Asset Transfer	1,271	302
Urban Renaissance	25,777	34,116
Brownfield Regeneration	355	116
Sustainable Communities	10,621	15,623
	38,024	50,157

Project costs include contributions to other bodies, feasibility and other preliminary expenditure on wider strategic projects and on projects relating to property not in our ownership but which support our remit.

# Commission for the New Towns

## Notes to the Financial Statements (cont)

Year ended 31 March 2008

### 6. Other operating costs

	2008 £'000	2007 £'000
Housing Action Trusts	4,127	11,961
Property Operating Costs	3,170	2,401
Movement in bad debt provision	(39)	201
Redundancy and Restructuring	250	272
Early Retirement Pension Costs	1,026	286
Miscellaneous	2	120
	8,536	15,241

### 7. Operating (loss)/surplus

	2008 £'000	2007 £'000
<b>Operating (loss)/surplus has been arrived at after charging/(crediting) the following:</b>		
Auditor's remuneration - audit fee	80	80
Operating lease rentals	2,514	3,495
Redundancy and restructuring	250	272
Bad debts written off/movement in bad debt provision	(39)	201
Contributions from local authorities	-	(139)

### 8. Staff costs

	2008 £'000	2007 £'000
<b>(a) Total staff costs</b>		
Salaries and wages	5,973	6,249
Social security costs	543	569
Other pension costs	1,837	1,693
	8,353	8,511
Staff expenses reimbursed	348	366
Temporary Staff	456	503
	9,157	9,380

There were no staff costs capitalised in 2008 (2007: nil). All new employees to English Partnerships are employed by the Urban Regeneration Agency. Any work that staff perform for the Commission for the New Towns is recovered via a recharge.

	2008 Total Number	2007 Total Number
<b>(b) Average number of staff employed by the Commission</b>		
Management	30	29
Professional/Technical	75	83
Administrative	34	43
Temporary staff	8	9
	147	164

## 9. Interest receivable

	2008 £'000	2007 £'000
Short-term deposits	21,379	18,529
Water companies – annual payments	3,654	3,654
Unwinding of discount for disposals receivable via instalments	3,291	2,758
Local authorities	197	203
Disposal of property assets	220	64
Housing mortgages	4	5
Miscellaneous interest	264	407
	29,009	25,620

Interest receivable from local authorities relates to interest due on loans in respect of assets transferred from the Commission or from New Town Development Corporations prior to their wind-up (Note 15).

## 10. Interest payable

	2008 £'000	2007 £'000
Notional interest on provisions	644	621
Interest on overdue tax	12	134
	656	755

The notional interest on provisions reflects unwinding of discount that has been applied to the unfunded pension liability provisions.

## 11. Taxation

	2008 £'000	2007 £'000
<b>(a) Taxation charge in the Income and Expenditure Account comprises:</b>		
Corporation tax on the results for the year @ 30 per cent	987	14,919
	987	14,919

Taxation has been provided for on the basis of the agreed methodology between the Commission and HM Revenue and Customs.

### (b) Factors that may affect future tax charge

Deferred tax assets have not been recognised in respect of timing differences relating to provisions and funded and unfunded pension liabilities as there is insufficient evidence that the assets will be recovered. The amounts of the assets not recognised are £8m, £3m and £2m respectively.

In addition, a deferred tax asset has not been recognised in respect of ring-fenced losses, which can only be used against surpluses relating to certain towns. It is unlikely that all of these losses will be utilised in the future. The amount of the asset not recognised is £49m.

# Commission for the New Towns

## Notes to the Financial Statements (cont)

Year ended 31 March 2008

### 11. Taxation (continued)

	2008 £'000	2007 £'000
<b>(c) Reconciliation of taxation charge</b>		
Surplus on Ordinary activities before taxation	24,294	66,072
Taxation on surplus @ 30 per cent	7,288	19,822
<i>Effects of:</i>		
UDC asset disposal adjustments	(46)	(852)
Purchase of plant/equipment	37	28
Depreciation	52	52
Capital allowances on plant and machinery	(86)	(102)
Industrial/Agricultural building allowances	(1)	(1)
Net decrease in provisions	(1,923)	(3,306)
Losses used in period	(4,334)	(722)
Taxation charge for period	987	14,919

### 12. Surplus funds

Under Section 65 of the *New Towns Act 1981*, the Secretary of State is entitled to direct that the whole or part of any surplus funds shall be paid into the Exchequer. During 2007/08 none was repaid (2006/07: Nil).

### 13. Tangible fixed assets

	Land £'000	Freehold Buildings £'000	Furniture and Fittings £'000	Total £'000
<b>Cost</b>				
At 1 April 2007 and 31 March 2008	552	4,833	1,372	6,757
Revaluations	43	372	–	415
<b>Cost/valuation at 31 March 2008</b>	595	5,205	1,372	7,172
<b>Depreciation</b>				
At 1 April 2007	–	575	642	1,217
Provided during year	–	83	91	174
Revaluation adjustment	–	(658)	–	(658)
<b>At 31 March 2008</b>	–	–	733	733
<b>Net Book Value</b>				
At 1 April 2007	552	4,258	730	5,540
<b>At 31 March 2008</b>	595	5,205	639	6,439

Tangible fixed assets above comprise the Commission's offices at Arpley House, Warrington. CB Richard Ellis carried out an independent valuation at 31 March 2008 which showed the value to be £5.8m. As there was a significant difference between the carrying value and the current value, land and freehold buildings have been revalued to their current value as at 31 March 2008. To calculate the carrying value, land is not depreciated. The revalued building is assumed to have a 15 per cent residual value.



### 13. Tangible fixed assets (cont)

Depreciation on the revalued amount is charged on a straight line basis over its remaining useful economic life. Furniture and fittings are depreciated on a straight line basis over 15 years and are assumed to have no residual value.

If land and freehold buildings had not been revalued the historical cost and accumulated depreciation would have been:

	2008 £'000	2007 £'000
<b>Historical cost</b>		
Land	552	552
Freehold buildings	4,833	4,833
	5,385	5,385
<b>Accumulated depreciation</b>		
Land	–	–
Freehold buildings	658	575
	658	575
<b>Net book value</b>		
Land	552	552
Freehold buildings	4,175	4,258
	4,727	4,810

### 14. Water companies

This represents loans to water companies, which are in respect of assets constructed by former development corporations for the provision of water and sewerage facilities to new town developments where ownership has been transferred to the relevant local water company under the 1973 Water Act. The final redemption dates of the remaining water company loans will be between March 2030 and March 2053.

	2008 £'000	2007 £'000
Loans outstanding at 1 April	31,208	31,376
Repayment of loans – annual repayments	(178)	(168)
<b>Loans outstanding at 31 March</b>	31,030	31,208

# Commission for the New Towns

## Notes to the Financial Statements (cont)

Year ended 31 March 2008

### 15. Other loans and mortgages

	2008 £'000	2007 £'000
Local authorities	2,522	2,629
Mortgages on housing property	316	334
<b>Loans outstanding at 31 March</b>	<b>2,838</b>	<b>2,963</b>

Loans to local authorities represent the notional loan debt transferred to the appropriate local authority in respect of assets transferred. In the main this represented assets, which had been taken over by the local authority, at a valuation equivalent to the outstanding loan debt at the date of transfer, translated into a new loan agreement between the Commission and the local authority concerned. The final redemption dates of the remaining loans will be between March 2017 and March 2033.

The number of outstanding mortgages on housing property reduced from 33 at 1 April 2007 to 26 at 31 March 2008.

### 16. Property and civic assets

	Built Assets £'000	Land £'000	Total £'000
<b>Balance at 1 April 2007</b>			
At cost	19,273	410,005	429,278
Provisions	(9,086)	(156,056)	(165,142)
<b>Net total</b>	<b>10,187</b>	<b>253,949</b>	<b>264,136</b>
<b>Movement in the year</b>			
Capital expenditure	5,172	36,702	41,874
Costs of property assets disposed	(829)	(38,979)	(39,808)
Increase in provision for losses on development assets	(642)	(9,392)	(10,034)
Provisions utilised on disposals	718	18,040	18,758
<b>Net total</b>	<b>4,419</b>	<b>6,371</b>	<b>10,790</b>
<b>Closing balance at 31 March 2008</b>			
At cost	23,616	407,728	431,344
Provisions	(9,010)	(147,408)	(156,418)
<b>Net total</b>	<b>14,606</b>	<b>260,320</b>	<b>274,926</b>
Market valuation (note 16(c))	47,000	759,000	806,000

### (a) Property assets

Property assets are categorised according to type as built assets or land.

### (b) Movement in the year

#### (i) Capital expenditure

Capital expenditure to acquire and improve property assets, construct and improve civic assets, or to disengage from community related assets amounted to £41.9m after crediting £20.95m of contributions, including £7.9m of contributions from local authorities. Expenditure to construct or improve civic assets, which are anticipated to realise no value on the ultimate transfer, disposal or adoption of the asset, is included in capital expenditure. In accordance with the Accounts Direction these assets are held on the balance sheet at the lower of cost or estimated market value. As civic assets have no value any expenditure is fully provided for and results in a charge to the Income and Expenditure Account on the creation of the provision.

#### (ii) Costs of property assets disposed

The cost of property assets, including community related assets, which were disposed of during the year amounted to £39.8m (2006/07: £31.1m) and this amount is offset against disposal proceeds received.

#### (iii) Provision re-valuation and Provision utilised on disposals

Where the sale of a property asset is unlikely to cover costs incurred on that asset the Commission provides for future losses. This provision is reviewed annually and any adjustment is taken to the Income and Expenditure Account. Any provision against an asset is utilised against the cost of disposal when that asset is sold.

### (c) Valuation

#### (i) General

The majority of valuations have been carried out by independent external valuers holding a relevant professional qualification, in accordance with the *Statement of Asset Valuation and Guidance Notes (6th Edition)* published by the Royal Institution of Chartered Surveyors.

#### (ii) Built assets

Residual built asset valuations are primarily on the basis of market value and exclude any subsequent marriage values, which may accrue from the disposal of the property to the existing lessee.

#### (iii) Land

Land constitutes the majority of the Commission's property holdings. The valuations of these land holdings are carried out on the basis that the land will be sold in a phased and orderly manner and according to disposal strategies laid down in the Commission's Corporate Plan. Projected receipts in accordance with this strategy are abated to allow for costs to be incurred and discounted to reflect the estimated year of disposal, market risks and other uncertainties relating to the holding of large areas of undeveloped land.

#### (iv) Property interests with negative value

The market valuation excludes property interests with a negative value. The future liabilities associated with these property interests are fully provided for in provisions for liabilities and charges (Note 21). Such provisions are prudently made based on modified valuation data that takes into account any contractual, legal or constructive obligations.

# Commission for the New Towns

## Notes to the Financial Statements (cont)

Year ended 31 March 2008

### 17. Debtors

	2008 £'000	2007 £'000
<b>(a) Amounts falling due after more than one year:</b>		
Disposal of property assets	95,708	90,178
<b>(b) Amounts falling due within one year:</b>		
Disposal of property assets	25,605	9,195
Interest on short-term deposits	4,626	4,118
Rents	317	249
Corporation Tax	13,513	–
VAT	2,456	–
Other taxation	450	450
Prepayments	241	937
Other debtors	3,952	11,363
	51,160	26,312

	Amounts falling due within one year		Amounts falling due after more than one year	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
<b>(c) Intra-Government Balances</b>				
Balances with other central Government bodies	21,350	290	–	–
Balances with local authorities	2,134	3,109	–	–
Intra-Government balances	23,484	3,399	–	–
Balances with bodies external to Government	27,676	22,913	95,708	90,178
	51,160	26,312	95,708	90,178

### 18. Cash at bank and in hand

	2008 £'000	2007 £'000
Cash at bank and in hand (see note 23)	70,844	75,874
	70,844	75,874

### 19. Current investments

	2008 £'000	2007 £'000
Cash on sterling deposit (see note 23)	279,000	292,000
	279,000	292,000



## 20. Creditors

	2008 £'000	2007 £'000
<b>a) amounts falling due within one year</b>		
Miscellaneous deposits	257	256
Works contracts	2,173	3,143
Corporation Tax	–	2,142
Urban Regeneration Agency	8,138	5,316
Trade and other creditors and accruals	11,677	8,061
Housing Action Trusts deferred income	13,394	10,410
VAT	–	626
	35,639	29,954
<b>b) Intra-Government Balances</b>		
Balances with other central Government bodies	8,138	8,084
Balances with bodies external to Government	27,501	21,870
	35,639	29,954

## 21. Provisions for liabilities and charges

	CRA Transfers £'000	Property Interests with Negative Value £'000	Other Liabilities £'000	Total £'000
Balance at 1 April 2007	19,958	6,085	4,624	30,667
Charge/(Credit) to Income and Expenditure Account	5,592	(467)	(2,624)	2,501
Expenditure against provisions	(3,111)	(4,057)	(1,270)	(8,438)
Balance at 31 March 2008	22,439	1,561	730	24,730

### (a) CRA transfers

The Commission's policy is to transfer Community Related Assets to local authorities and other appropriate organisations. To the extent that the activities of the Commission have raised a reasonable expectation with third parties that these transactions will proceed, a provision has been made in the Financial Statements.

These liabilities will be discharged by forming balancing packages of industrial and commercial assets and by cash endowment. Any asset transferred as part of a balancing package will not as a consequence realise disposal receipts. Where community related assets are transferred, the provision that has been made is utilised in the cost of property disposals to offset the cost of the assets transferred.

### (b) Property interests with negative value

Provision has been made for estimated liabilities arising in respect of disengagement from property interests with negative value. These relate to lease/leaseback interests, rental guarantees and assets where disengagement is dependent upon significant investment in sites by the Commission, the cost of which exceeds the value to be realised in future asset sales. Although the ultimate cost of disengagement from these interests is uncertain, the extent of the Commission's liability has been estimated in consultation with retained property agents. The estimates are based on costed investment requirements that take into account legal, contractual and constructive obligations, on rents payable and, where appropriate, both rents receivable and repair and maintenance obligations, in respect of each individual interest.

### (c) Other

Other liabilities primarily comprise specific provision for property transactions and legal actions.

# Commission for the New Towns

## Notes to the Financial Statements (cont)

Year ended 31 March 2008

### 22. Provision for pensions

#### (a) Movement in FRS 17 liability during the year

	Unfunded £'000	Funded £'000	Total £'000
Balance at 1 April 2007	8,047	11,367	19,414
Credit to Income and Expenditure Account	(396)	(448)	(844)
Notional interest	644	–	644
Expenditure against provisions	(194)	–	(194)
Actuarial gain credited to Statement of Total Recognised Gains and Losses	–	(2,081)	(2,081)
Balance at 31 March 2008	8,101	8,838	16,939

The unfunded pension provision represents the Commission's estimated liabilities for the Housing Trust Orders and West Sussex County Council. The liability to West Sussex County Council is in respect of enhanced benefits payable to former employees which are not met from the assets of the West Sussex County Council Pension Fund. Details are set out in Note 25(b).

The funded pension provision represents the share of scheme liabilities as estimated by the actuaries for West Sussex County Council Pension Fund. The details of the scheme are set out in Note 25(b).

#### (b) Analysis of amount in the Statement of Total Recognised Gains and Losses

	West Sussex Pension Fund	
	2008 £'000	2007 £'000
Actual return less expected return on pension scheme assets	(4,141)	(781)
Experience Gains and Losses arising on the Scheme Liabilities	(707)	2
Changes in Financial Assumptions Underlying the Present Value of the Scheme's Liabilities – current year	6,929	(4,689)
Actuarial Gain/(Loss)	2,081	(5,468)

The actuarial gain is recognised in the Statement of Total Recognised Gains and Losses for 2007/08.

### 23. Financial instruments

The Commission's Treasury Management Policy is reviewed and approved by the Board on an annual basis. The criteria of accepted best practice are adhered to, including compliance with all statutory and relevant regulatory codes.

Sufficient liquidity is retained at all times to meet liabilities through the investment of cash surpluses in financial instruments with maturity profiles necessary to ensure the availability of funds when required while optimising returns on investments. Investment of cash surpluses may only be with approved counterparties and in accordance with established exposure limits.

Deposits are all short-term sterling deposits which do not exceed six months. The Commission does not engage in speculative activity and its policy does not allow the use of more complex financial instruments, such as derivatives. The main financial risk faced by the Commission is that of fluctuation in interest rates.

The numerical disclosures in this note deal with financial assets and liabilities as defined by *FRS 13, Derivatives And Other Financial Instruments*. As permitted by *FRS 13*, short-term debtors and creditors have been excluded from these disclosures.

**The Commission's financial assets are as follows:**

	<b>2008 Total £'000</b>	<b>Floating Rate £'000</b>	<b>Fixed Rate £'000</b>	<b>2007 Total £'000</b>	<b>Floating Rate £'000</b>	<b>Fixed Rate £'000</b>
Water Company loans	31,030	–	31,030	31,208	–	31,208
Other loans and mortgages	2,838	316	2,522	2,963	334	2,629
<b>Cash on sterling deposit:</b>						
Cash at bank (Note 18)	70,844	10,844	60,000	75,874	25,594	50,280
Current Investments (Note 19)	279,000	–	279,000	292,000	–	292,000
	<b>383,712</b>	<b>11,160</b>	<b>372,552</b>	<b>402,045</b>	<b>25,928</b>	<b>376,117</b>

The Water Company loans are long-term loans with final redemption dates between March 2030 and March 2053. Other loans and mortgages are also long-term with final redemption dates between March 2017 and March 2033.

**The average interest rates earned over the year on financial assets were as follows:**

	<b>2008</b>	<b>2007</b>
Water Company loans	11.7%	11.7%
Other loans and mortgages	6.9%	6.8%
Cash on sterling deposit	5.7%	4.8%

Cash on sterling deposits comprises deposits placed on the money market on call and on term deposits up to six months duration. The profile of maturity is as follows:

	<b>2008 £'000</b>	<b>2007 £'000</b>
Within one month:		
– cash at bank	70,844	75,874
– current investments	47,000	28,000
One to three months – current investments	112,000	115,000
Three to six months – current investments	120,000	149,000
	<b>349,844</b>	<b>367,874</b>

The Commission has no financial liabilities other than short-term creditors. There is no material difference between the book and fair value of the Commission's financial assets and liabilities at 31 March 2008.

# Commission for the New Towns

## Notes to the Financial Statements (cont)

Year ended 31 March 2008

### 24. Reserves

	Revaluation Reserve £'000	Income and Expenditure Account £'000	Total £'000
Balance at 1 April 2007	–	708,176	708,176
Revaluation of Fixed Assets	1,073	–	1,073
Retained surplus for the year	–	23,307	23,307
Actuarial Gain from West Sussex Pension Fund	–	2,081	2,081
Balance at 31 March 2008	1,073	733,564	734,637

### 25. Pension arrangements

During 2008 Commission employees were able to participate in contributory pension arrangements afforded by either the English Partnerships Pension Fund or a statutory Local Government Scheme administered by West Sussex County Council. These pension schemes have broadly comparable benefits.

#### a) English Partnerships' Pension Scheme

This is a multi-employer defined benefit scheme as described in paragraph 9 of *FRS 17, Retirement Benefits*. The Scheme was initially started in English Estates and has evolved through several changes, the main ones of which being the formation of Regional Development Agencies and the London Development Agency and the merger of the Agency and the Commission.

Because of this complex history it is not possible to allocate the scheme's assets and liabilities to each individual contributing employer on a reasonable and consistent basis.

The rate of employers' contributions is the same for all contributing entities in the scheme based on the needs of the scheme in total. This rate is reviewed on a periodic basis, normally three yearly, with additional reviews as necessary and is adjusted in order to ensure that the full liabilities of the scheme will be met. Contributions are charged in the Income and Expenditure Account as they become payable in accordance with the rules of the scheme.

A valuation of the scheme's total assets and liabilities at 31 March 2008 in accordance with *FRS 17* has been prepared and the results together with the key assumptions used are noted below:

Actuarial value of the liability	£129.2m
Market value of assets	£130.0m
Net pension surplus	£0.8m
Salary increase rate	5.5 per cent
Pension increase rate	3.5 per cent
Discount rate	6.9 per cent
Price inflation	3.5 per cent

The Financial Statements of the Agency's Pension Scheme are available from the Secretary, at St George's House, Kingsway, Team Valley, Gateshead, NE11 0NA. All employees who are members of the Agency's Pension Scheme are issued with a summary of the Financial Statements.

### (b) West Sussex County Council Pension Fund

This is also a multi-employer defined benefit scheme as described in paragraph 9 of *FRS 17, Retirement Benefits*. The Commission's contributions are affected by a surplus or deficit in the scheme. The scheme's actuaries have estimated its share of net liabilities as disclosed in Note 22 to the Financial Statements.

A valuation of the Commission's total assets and liabilities at 31 March 2008 in accordance with *FRS 17* has been prepared and the results together with the key assumptions used are noted below:

Actuarial value of the liability	£55.3m
Market value of assets	£38.7m
Net pension liability	£16.6m
Salary increase rate	5.1 per cent
Pension increase rate	3.6 per cent
Discount rate	6.9 per cent
Price inflation	3.6 per cent

An analysis of the fair value of the Commission's share of the Scheme's assets and the expected rate of return at the Balance Sheet date was as follows:

	Fair value of assets				Expected return		
	2008		2007		2008	2007	
	£m	%	£m	%	% p.a.	% p.a.	
Equities	27.7	71	31.7	77	7.7	7.8	
Bonds	6.6	17	5.5	13	5.7	4.9	
Property	3.0	8	3.3	8	5.7	5.8	
Cash	1.4	4	0.7	2	4.8	4.9	
<b>Total</b>	<b>38.7</b>	<b>100</b>	<b>41.2</b>	<b>100</b>	<b>Weighted average</b>	<b>7.1</b>	<b>7.2</b>

### (c) Other Unfunded pension liabilities

In respect of pensions to ex-employees of the Commission and the former development corporations, the Commission is obligated to meet the annual unfunded costs arising from the implementation of the Pension Increase Acts and enhanced benefits awarded to former employees. For 2007/08 these costs were £0.2m (2006/07: £0.2m) and related to annual payments. A provision of £8.1m (2006/07: £8.0m) is included within provisions for pensions, this being the estimated capital value of future liabilities relating to unfunded benefits in payment (Note 22).

## 26. Capital expenditure commitments

Capital expenditure contracted for, but not provided for, amounted to approximately £187m at 31 March 2008 (31 March 2007: £188m).



# Commission for the New Towns

## Notes to the Financial Statements (cont)

Year ended 31 March 2008

### 27. Operating leases

At 31 March 2008 the Commission had annual commitments under operating leases as follows:

	2008		2007	
	Land & Buildings £'000	Others £'000	Land & Buildings £'000	Others £'000
Leases expiring				
– within one year	182	107	999	120
– between one and five years	382	203	17	245
– in over five years	917	–	1,772	–
	1,481	310	2,788	365

Most of the leases relating to land and buildings are part of lease and leaseback arrangements entered into by the Commission or by former development corporations and are subject to rent review periods ranging from 1 to 21 years.

### 28. Contingent assets and liabilities

#### Contingent assets

The Commission has in certain instances disposed of land on the basis that if there is a subsequent change in use of the land, which materially increases the return to the purchaser, the Commission has a right to participate in the returns achieved. The normal term during which this arrangement remains in force is 21 years. For social housing and other community related schemes the term is more usually 35 years. By its nature this income is variable and the timing of receipt is uncertain; therefore, it is not possible to quantify the likely income, which may ultimately be received by the Commission.

#### Contingent liabilities

##### (a) Home Housing Association

On 6 May 1987 with the Secretary of State's consent, the Milton Keynes Development Corporation together with one other development corporation and 12 local authorities jointly and severally guaranteed the punctual payment of interest and any other monies due together with the repayment of principal in the year 2037 in respect of 8.75 per cent guaranteed loan stock amounting up to a maximum of £100m created by North Housing Association which subsequently became Home Housing Association. The initial stock issued in May 1987 totalled £66.3m.

On 30 May 1991 the liability of the one other development corporation was transferred to a local authority. Since that date further tranches of the stock amounting to £33.7m have been issued and the number of participating authorities increased to 19.

The money has been used by Home Housing Association to develop assured tenancy housing on sites made available to it by the 19 authorities. Each participant's contingent liability is determined by the amount of development expenditure incurred in its area, as a percentage of the total stock issued. On this basis, the Commission's currently assessed contingent liability in respect of 450 completed dwellings is 21.65 per cent.

In the event of Home Housing Association failing to make good any default within two months, the Commission and other authorities are entitled to take a first legal charge on sufficient of the association's saleable assets as represents adequate security for the debt.

##### (b) Sunderland City Council

The freeholds of several hundred properties on two estates in Washington were transferred to Sunderland City Council on 1 April 1997. The transfer was subject to a Commission indemnity valid for a period of 30 years against costs which may be incurred in remedying shale related defects. This indemnity was issued with the approval of the Department. The extent of this liability is unquantifiable at this time.

### (c) Other Contingent Liabilities

The Commission also has the following contingent liabilities:

	2008 £'000	2007 £'000
Indemnities to building societies with regard to housing mortgages	5,463	5,463

The indemnities represent the value of the mortgage outstanding when the Commission took over the indemnity. It is not practical to assess the current balance outstanding because of the number of individual loans involved.

The Commission is contingently liable for certain miscellaneous claims by developers, contractors and individuals in respect of costs and claims not allowed for in development agreements, construction contracts, grants and claims such as Compulsory Purchase Orders. Payment, if any, against these claims may depend on lengthy and complex litigation and potential final settlements cannot be determined with any certainty at this time. As claims reach a more advanced stage they are considered in detail and specific provisions are made in respect of those liabilities to the extent payment is considered probable.

## 29. Related party transactions

The Commission is a Non-Departmental Public Body sponsored by CLG. Hence any other bodies sponsored by CLG are considered to be related parties.

The Commission has a close working relationship with the Urban Regeneration Agency. Where certain functions, costs or staffing related to both organisations, but for efficiency were controlled by one, appropriate recharges of costs have been made. Recharges in the year totalled £5m (2006/07: £5m).

The Commission paid £nil to Land Restoration Trust (2006/07: £7.9m as an endowment for a Community Related Asset in Warrington).

## 30. Losses and special payments

In accordance with the provisions of the Accounts Direction, the Commission must summarise all losses and special payments made during the year, being transactions of a type, which Parliament cannot be supposed to have contemplated. During the course of the financial year the Commission made no losses or special payments requiring disclosure.

## 31. Post balance sheet events

The Commission's Financial Statements are laid before the Houses of Parliament by the Secretary of State of Communities and Local Government. *FRS21, Events After the Balance Sheet Date* requires the Commission to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by the Commission's management to the Secretary of State of Communities and Local Government.

The authorised date for issue is 30 June 2008.

# Commission for the New Towns

Accounts Direction Given by the Secretary of State with the consent of the Treasury, in accordance with section 9(a) of the New Towns and Urban Development Corporations Act 1985

1. The annual accounts of the Commission for the New Towns (hereafter in this accounts direction referred to as 'the Commission') 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 2006/2007 and subsequent years shall be prepared in accordance with:
  - (a) the accounting and disclosure requirements given in *Government Accounting* and in the *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;

insofar as these requirements are appropriate to the Commission 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.

2. Schedule 1 to this direction gives clarification of the application of the accounting and disclosure requirements of the Companies Act 1985 and accounting standards and also gives any exceptions to standard Treasury requirements. Additional disclosure requirements of the Secretary of State and further explanations 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.

Signed by authority of the Secretary of State



**Andy Rudd**

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

## Schedule 1

1. The requirement in the *Government Financial Reporting Manual* to include a notional charge in the income and expenditure account for the cost of capital shall not apply to the Commission.
2. The requirement in the *Government Financial Reporting Manual* to use the alternative accounting rules (as set out in the Companies Act 1985) shall not apply to the Commission.
3. Stocks of land and buildings shall be included in the balance sheet at the lower of cost and estimated market value calculated on the basis that the property will be sold in a phased and orderly manner according to the disposal strategy in the Commission's corporate plan. Projected receipts in accordance with this strategy shall be abated to allow for costs to be incurred and discounted at 8 per cent from the estimated year of disposal.
4. 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 income and expenditure account, or the Notes thereto
  - (a) the following income –
    - (i) European Regional Development Fund grants
    - (ii) proceeds on the disposal of properties
    - (iii) rents and maintenance charges receivable
    - (iv) contributions from local authorities
  - (b) the following expenditure –
    - (i) book value of properties sold
    - (ii) movements in provisions for losses on properties
    - (iii) repairs and maintenance of property
    - (iv) contributions to water companies
    - (v) debts written off and movements in provisions for bad and doubtful debts.
2. The Notes to the annual accounts
  - (a) 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 Commission, 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;

# Commission for the New Towns

Accounts Direction Given by the Secretary of State with the consent of the Treasury, in accordance with section 9(a) of the New Towns and Urban Development Corporations Act 1985

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

- I. employed directly by the Commission
  - II. on secondment or loan to the Commission
  - III. agency or temporary staff
  - IV. employee costs that have been capitalised);
- (b) an analysis of interest receivable;
- (c) an analysis of interest payable;
- (d) an analysis of fixed asset loans and mortgages between:
- (i) the assumed loan debt to local authorities
  - (ii) loans to water companies
  - (iii) mortgages on housing property
  - (iv) mortgages on industrial and commercial property
  - (v) and other loans and mortgages;
- (e) an analysis of stocks of land and buildings, showing for each category the cost and the estimated market value calculated on the basis that the property will be sold in a phased and orderly manner according to the disposal strategy in the Commission's corporate plan. Projected receipts in accordance with this strategy shall be abated to allow for costs to be incurred and discounted at 8 per cent from the estimated year of disposal;
- (f) an analysis of liquid resources, as defined by accounting standards;
- (g) in the note on debtors, prepayments and payments on account shall each be identified separately;
- (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 the Commission'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 the Commission), between the Commission 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 the Commission by each individual board member or key manager
  - (iii) the following are related parties:
    - (1) subsidiary and associate companies of the Commission
    - (2) pensions funds for the benefit of employees of the Commission or its subsidiary companies (although there is no requirement to disclose details of contributions to such funds)
    - (3) board members and key managers of the Commission
    - (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 the Commission.

For the purposes of this sub-paragraph:

- (i) A key manager means a member of the Commission'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 per cent 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 board meetings of the company.

\* Note to Schedule 2 paragraph 2(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.

# Urban Regeneration Agency

# Urban Regeneration Agency

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and to the Board of the Urban Regeneration Agency

I certify that I have audited the financial statements of the Urban Regeneration Agency for the year ended 31 March 2008 under the Leasehold Reform, Housing and Urban Development Act 1993 as amended by the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003. 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 Urban Regeneration Agency, Chief Executive/Accounting Officer and Auditor**

The Urban Regeneration Agency and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Leasehold Reform, Housing and Urban Development Act 1993 and Secretary of State directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of 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 Leasehold Reform, Housing and Urban Development Act 1993 and Secretary of State directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Board Members' Report, the Management Commentary, and the Remuneration Report, included in 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 Urban Regeneration Agency 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 Urban Regeneration Agency'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 Urban Regeneration Agency'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 Board Members' Report, the Management Commentary and 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 opinion**

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 Urban Regeneration Agency and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Urban Regeneration Agency's circumstances, consistently applied and adequately disclosed.

# Urban Regeneration Agency

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and to the Board of the Urban Regeneration Agency

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 Leasehold Reform, Housing and Urban Development Act 1993 and directions made thereunder by the Secretary of State, of the state of Urban Regeneration Agency's affairs as at 31 March 2008 and of its deficit 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 Leasehold Reform, Housing and Urban Development Act 1993 and Secretary of State directions made thereunder; and
- information, which comprises the Board Members' Report, the Management Commentary and the Remuneration Report, 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.

### T J Burr

Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS

30 June 2008

# Urban Regeneration Agency

## Group Income and Expenditure Account

Year ended 31 March 2008

	Note	2008 £'000	2007 £'000
<b>Income</b>			
Clawback of grants and contributions		5,597	4,909
Rents and maintenance charges		4,376	4,429
Other operating income		5,745	5,549
Contributions from partners		38,848	10,595
Proceeds from disposal of development assets	3	246,047	190,465
		300,613	215,947
<b>Expenditure</b>			
Cost of property disposals	3	223,267	113,936
Administration and management		27,080	24,773
Promotion and publicity costs		1,788	1,833
Estate management costs		11,967	10,787
Project costs	4	271,144	297,148
Grant clawback returnable to HM Treasury		2,847	1,970
Depreciation on tangible fixed assets	10	311	276
Other operating costs		7,024	5,607
Amounts written off development assets	12	21,519	17,577
Release of negative asset provision	17	(595)	–
Provision for bad debts		109	76
Notional cost of capital	6	33,598	32,550
		600,059	506,533
<b>Group operating deficit</b>	7	(299,446)	(290,586)
Share of operating profits in associates	11	6,665	4,889
<b>Deficit on ordinary activities before interest</b>		(292,781)	(285,697)
Interest receivable	8	10,652	7,677
Interest payable		(2,810)	(2,893)
<b>Deficit on ordinary activities before taxation</b>		(284,939)	(280,913)
Taxation	9	(312)	(993)
<b>Deficit after taxation</b>		(285,251)	(281,906)
Notional cost of capital	6	33,598	32,550
<b>Net expenditure for the year</b>		(251,653)	(249,356)

All activities above derive from continuing operations and are funded primarily by grant in aid provided by the Sponsor Department for specified types of expenditure.

## Group Statement of Recognised Gains and Losses

Year ended 31 March 2008

	Note	2008 £'000	2007 £'000
Group share of unrealised surplus/(deficit) on revaluation of tangible fixed assets	20	322	(1,912)
Gain on revaluation of fixed assets	20	792	–
Gains/(losses) recognised since last Financial Statements		1,114	(1,912)

The accompanying notes are an integral part of these Financial Statements.



# Urban Regeneration Agency

## Group Balance Sheet

As at 31 March 2008

	Note	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Tangible fixed assets	10	2,964	2,166
Investment in associated undertakings	11	87,161	75,000
		90,125	77,166
<b>Current assets</b>			
Development assets	12	718,882	714,748
Debtors			
– due after more than one year	13(a)	129,930	66,236
– due within one year	13(b)	127,606	73,155
Cash at bank and in hand		91,485	100,816
		1,067,903	954,955
<b>Creditors:</b>			
Amounts falling due within one year	14	(57,771)	(42,218)
<b>Net current assets</b>		1,010,132	912,737
<b>Total assets less current liabilities</b>		1,100,257	989,903
<b>Creditors:</b>			
Amounts falling due after more than one year	15	–	(13,404)
Provision for liabilities and charges	17	(115,674)	(2,386)
		984,583	974,113
<b>Reserves</b>			
Income and Expenditure Account	19	977,217	967,861
Revaluation reserve	20	7,366	6,252
		984,583	974,113

The accompanying notes are an integral part of these Financial Statements.

Approved by the Board on 25 June 2008 and signed on their behalf by:



**Robert Napier**  
Chairman



**John Walker**  
Chief Executive and Accounting Officer

# Urban Regeneration Agency

## Balance Sheet

As at 31 March 2008

	Note	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Tangible fixed assets	10	2,964	2,166
Investment in subsidiary undertakings	11	25,000	25,000
Investment in associated undertakings	11	43,350	36,685
		71,314	63,851
<b>Current assets</b>			
Development assets	12	718,882	714,748
Debtors			
– due after more than one year	13(a)	129,930	66,236
– due within one year	13(b)	127,606	73,155
Cash at bank and in hand		91,485	100,816
		1,067,903	954,955
<b>Creditors:</b>			
Amounts falling due within one year	14	(61,113)	(45,560)
<b>Net current assets</b>		1,006,790	909,395
<b>Total assets less current liabilities</b>		1,078,104	973,246
<b>Creditors:</b>			
Amounts falling due after more than one year	15	–	(13,404)
Provision for liabilities and charges	17	(115,674)	(2,386)
		962,430	957,456
<b>Reserves</b>			
Income and Expenditure Account	19	961,638	957,456
Revaluation reserve	20	792	–
		962,430	957,456

The accompanying notes are an integral part of these Financial Statements.

Approved by the Board on 25 June 2008 and signed on their behalf by:



**Robert Napier**  
Chairman



**John Walker**  
Chief Executive and Accounting Officer

# Urban Regeneration Agency

## Group Cash Flow Statement

Year ended 31 March 2008

	<b>2008</b> £'000	<b>Restated</b> <b>2007</b> £'000
<b>Net cash (outflow)/inflow from operating activities</b>	(10,781)	94,462
<b>Dividends from associates</b>	–	1,960
<b>Returns on investments and servicing of finance</b>		
Interest received	9,094	6,983
Interest paid	(661)	(885)
<b>Net cash inflow from returns on investments and servicing of finance</b>	8,433	6,098
<b>Taxation</b>		
Corporation tax received	–	127
<b>Net cash inflow from taxation</b>	–	127
<b>Capital expenditure and financial investment</b>		
Purchase of fixed assets	(318)	(303)
Capital injection in associate	–	(3,821)
Purchase of loan stock in associate	(6,665)	(1,779)
<b>Net cash outflow from capital expenditure and financial investment</b>	(6,983)	(5,903)
<b>Net cash (outflow)/inflow before financing</b>	(9,331)	96,744
<b>(Decrease)/increase in cash</b>	(9,331)	96,744

# Urban Regeneration Agency

## Group Cash Flow Statement

Year ended 31 March 2008

### Reconciliation of operating deficit to net cash (outflow)/inflow from operating activities

	Note	2008 £'000	Restated 2007 £'000
Operating deficit		(292,781)	(285,697)
Surplus on the disposal of development assets	3	(22,780)	(76,529)
Provision for amounts written off development assets	12	21,519	17,577
Depreciation of tangible fixed assets	10	311	276
Development asset additions	12	(135,037)	(87,150)
Proceeds on the disposal of development assets	3	246,047	190,465
Movement in negative asset provision	17	(595)	205
Grant in aid	19	261,009	306,860
Notional cost of capital	6	33,598	32,550
Share of operating profits in associates	11	(6,665)	(4,889)
		104,626	93,668
Increase in debtors		(117,556)	(8,873)
Increase in creditors		2,149	9,667
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(10,781)</b>	<b>94,462</b>

### Analysis of changes in net funds during the year

	2008 £'000	2007 £'000
Cash at bank and in hand at 1 April	100,816	4,072
Net cash (outflow)/inflow	(9,331)	96,744
<b>Cash at bank and in hand at 31 March</b>	<b>91,485</b>	<b>100,816</b>

The accompanying notes are an integral part of these Financial Statements.

# Urban Regeneration Agency

## Notes to the Financial Statements

Year ended 31 March 2008

### 1. Statement of accounting policies

#### (a) Statutory basis

The Financial Statements of the Agency are governed by the provisions of the *Leasehold Reform, Housing and Urban Development Act 1993* ('the Act'), and by The Direction on the Annual Accounts given by the Secretary of State, with the approval of HM Treasury, under the Act. A copy of the Direction on the Annual Accounts issued by the Secretary of State on 27 March 2007 is shown on pages 126 to 128. The Financial Statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and, without limiting the information given, meet the accounting and disclosure requirements of the *Companies Act 1985*. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### (b) Basis of accounting and consolidation

The Financial Statements are prepared on the modified historical cost basis as set out in Treasury guidance. The retained deficit after taxation for the Group was £252m (2006/07: retained deficit of £249m). The consolidated Financial Statements incorporate those of the Agency and its active subsidiary undertaking, English Partnerships (Limited Partner) Limited (EP(LP)Limited). No Income and Expenditure Account is presented for the Agency as permitted by section 230 of the *Companies Act 1985*.

The Group's associated undertakings are all undertakings in which the Group has 20 per cent or more of the equity voting rights held as a long-term investment and over which it exerts significant influence. In the Group Financial Statements, investments in associates are accounted for using the equity method. The consolidated Income and Expenditure Account includes the Group's share of associates' profits less losses while its share of net assets of associates is shown in the Group Balance Sheet.

The share of net asset and profit information is based on unaudited Financial Statements to 31 March 2008 except for Priority Sites Limited where audited Financial Statements to 31 December 2007 have been used.

#### (c) Tangible Fixed Assets

Tangible fixed assets, excluding freehold and long leasehold property, are stated at cost less accumulated depreciation and any impairment in value.

Land and freehold buildings are recognised initially at cost and thereafter measured at fair value, less depreciation on buildings and any impairment subsequent to the date of valuation. Land is not depreciated.

An assessment is carried out at each year end by a qualified valuer to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. A full valuation is performed every five years.

Depreciation is charged to the Income and Expenditure Account based upon cost or fair value (in the case of revalued assets), less estimated residual value of each asset evenly over its expected useful life as follows:

Freehold and long leasehold property	Remaining useful economic life
Leasehold buildings with less than 25 years to run	Period of lease
Office furniture and equipment	5 years
Motor vehicles	4 years
Computer equipment	3 years

Any revaluation surplus is credited to the revaluation reserve except where it reverses a decrease in the carrying value of the same asset previously recognised in the Income and Expenditure Account, in which case the increase is recognised in the Income and Expenditure Account. An annual transfer is made from the revaluation reserve to revenue reserves for the depreciation relating to the revaluation surplus. Upon disposal any revaluation reserve relating to the particular asset being sold is transferred to the Income and Expenditure Account Reserve.



Furniture, equipment, plant and vehicles, which are not material in the context of the Agency's operations, are charged to administration costs in the year of purchase.

(d) **Development assets**

Development assets, consisting of land and buildings, are shown at the lower of current replacement cost and net realisable value. Accordingly, where this figure is lower, the assets are included at their estimated market value and, where necessary, reductions in holding value are written off to the Income and Expenditure Account.

The Agency recognises income from disposals of development assets when there is a legally binding sale agreement, which has become unconditional and irrevocable by the Balance Sheet date, subject to any provisions necessary to cover residual commitments relating to the property.

Where proceeds are receivable over a period of more than 12 months after the balance sheet date, the proceeds are discounted at the Agency's cost of capital rate of 3.5 per cent to reflect the net present value of the receipts.

The corresponding debtor is also discounted and the difference between actual cash receipts and the net present value of the receipts is credited to interest receivable over the life of the debt.

Similarly, where amounts are payable on development assets over a period of more than 12 months after the Balance Sheet date, the corresponding creditor is discounted at the HM Treasury rate of 2.2 per cent.

(e) **Funding**

The Agency's activities are funded primarily by grant in aid provided by the Sponsor Department for specified types of expenditure. Grant in aid received is credited to the Income and Expenditure Account Reserve in full. Any profit or loss for the period is transferred to the reserve. Self generated funds receivable for goods and services provided in the normal course of business are stated net of VAT. Income from property disposals is recognised when the contract is irrevocable, which is normally on completion.

(f) **Investments**

Fixed asset investments are shown at cost less provision for impairment.

(g) **Operating leases**

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

(h) **Pension costs and other post retirement benefits**

The Agency accounts for pension costs in accordance with *FRS 17, Retirement Benefits*. Certain of the employees of the Agency participate in the English Partnerships Pension Scheme. The English Partnerships' Pension Scheme is a multi-employer defined benefit scheme as described in paragraph 9 of *FRS 17*. Contributions are affected by a surplus or deficit in the scheme, but the Agency is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Contributions are charged in the Income and Expenditure Account as they become payable in accordance with the rules of the scheme.

(i) **Taxation**

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is provided in accordance with *FRS 19, Deferred Tax* to include the estimated future taxation consequences of transactions and events recognised in the Financial Statements of the current and previous periods. Deferred taxation assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

# Urban Regeneration Agency

## Notes to the Financial Statements

Year ended 31 March 2008

### 2. Fees and charges

The Agency is required, in accordance with *HM Treasury's Fees and Charges Guide*, to disclose performance results for the areas of its activities where fees and charges are made.

The segmental analysis is not intended to meet the requirements of the *Statement of Standard Accounting Practice 25: Segmental Reporting*.

All services are charged at full cost and, therefore, result in no attributable surplus or deficit. During the year, the Agency provided services to other public sector bodies.

The amounts, included in Rents and Other Operating Income, were as follows:

	2008 £'000	2007 £'000
IT and systems support	67	134
Administrative support	5,000	5,000
	5,067	5,134

### 3. Disposal of property assets

	Note	2008 £'000	2007 £'000
Proceeds from disposals		246,047	190,465
Cost of property disposal: Book value of property disposals	12	(109,384)	(113,936)
Provision for additional consideration payable for development assets	17	(113,883)	–
		(223,267)	(113,936)
<b>Surplus on disposal</b>		22,780	76,529

### 4. Project costs

Grants and contributions and other non-asset, project specific payments made during the year together with claims approved for payment at the end of the year are charged to the Income and Expenditure Account and are shown under Project Costs. These are further analysed into the Business Lines below.

	2008 £'000	2007 £'000
Brownfield Regeneration	70,955	59,788
Sustainable Communities	137,543	181,839
Urban Renaissance	62,646	55,521
	271,144	297,148

Grants and contributions clawback receivable during the period is credited to the Income and Expenditure Account. Grant clawback returnable to HM Treasury in the year is charged to the Income and Expenditure Account.

Included within Project Costs are:

- £94.9m (2006/07: £87.5m) of grants for the First Time Buyers' Initiative; and
- £12.7m (2006/07: £17.3m) for the deemed value of assets transferred under the London-Wide Initiative. The value of the assets is effectively exchanged for a potential asset in the form of an equity interest in key worker units once constructed.

Commitments in respect of future claims for approved grants are included in Note 22. Any such commitments will be covered by future grant in aid claims.

There is the possibility of future clawback but this is currently unable to be quantified in terms of value and timing and, therefore, has not yet been recognised.

## 5. Staff costs

### (a) Total staff costs

The costs of full time salaried staff, excluding Board Members, were as follows:

	2008 £'000	2007 £'000
Salaries and wages	15,852	14,584
Social security costs	1,474	1,368
Other pension costs	3,165	2,946
	20,491	18,898
Cost of temporary staff	866	733
Cost of seconded staff	414	182
Total excluding Board Members	21,771	19,813
Staff expenses reimbursed	1,495	1,398
Non-executive Board Member expenses reimbursed	53	59
	1,548	1,457

There were no staff costs capitalised in 2008 (2007: nil). All new employees to English Partnerships are employed by the Urban Regeneration Agency. Any work that staff perform for the Commission for the New Towns is recovered via a recharge.

### (b) Average number of staff employed by the Agency

	2008 Total Number	2007 Total Number
Management	90	85
Professional/Technical	185	172
Administrative	104	102
Temporary staff	16	14
	395	373

### (c) Chief Executive's and Board Members' emoluments

Information relating to the emoluments of the Chief Executive, Board Members and Key Managers is disclosed in the Remuneration Report.

## 6. Notional cost of capital

The *Financial Reporting Manual* requires that as part of operating costs, to the extent that there is no real charge for it, the notional cost of capital be calculated. To this end the notional cost of capital has been calculated at 3.5 per cent (2006/07: 3.5 per cent) of the average of total assets less total liabilities. An entry reversing this amount after the deficit after taxation has also been made in accordance with the Manual.

# Urban Regeneration Agency

## Notes to the Financial Statements

Year ended 31 March 2008

### 7. Group operating deficit

	2008 £'000	2007 £'000
<b>Operating deficit has been arrived at after charging the following:</b>		
Auditors' remuneration		
– audit fee	80	80
Operating lease rentals		
– land and buildings	1,394	1,354
– other	637	716
Redundancy and restructuring	30	10
Early retirement pension costs	368	–

### 8. Interest receivable

	2008 £'000	2007 £'000
Unwinding of discount for disposals receivable via instalments	4,305	3,746
Bank deposits	3,396	1,745
Loan interest	1,770	821
Other interest	212	671
Share of interest receivable in associated undertakings	969	694
	10,652	7,677

### 9. Taxation

	2008 £'000	2007 £'000
<b>(a) The group taxation charge in the Income and Expenditure Account comprises:</b>		
Share of taxation charge in associated companies	312	993
	312	993

#### **(b) Factors that may affect tax charge**

At 31 March 2008 the Agency had estimated tax losses to carry forward of approximately £86m (31 March 2007: £86m). There is, therefore, an unrecognised deferred tax asset of approximately £26m (31 March 2007: £26m). This has not been recognised because of the uncertainty over future trading profits, which would enable such losses to be utilised.

#### **(c) Reconciliation of group taxation charge**

	2008 £'000	2007 £'000
Group deficit on ordinary activities before taxation	(284,939)	(280,913)
Taxation on deficit @ 30 per cent	(85,482)	(84,274)
<b>Effects of:</b>		
Non taxable grant income	(13,334)	(4,651)
Expenditure not deductible for taxation, including grant payments	108,071	80,013
Notional cost of capital	10,078	9,764
Grant clawback	854	591
Losses not utilised	(19,937)	(272)
Adjustments in respect of prior periods	62	(178)
	312	993

## 10. Tangible fixed assets

### Group and Agency

	Long Leasehold Land and Buildings £'000	Short Leasehold Buildings £'000	Furniture and Equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2007	1,571	1,216	837	3,624
Additions	200	41	75	316
Revaluations	734	–	–	734
<b>At 31 March 2008</b>	<b>2,505</b>	<b>1,257</b>	<b>912</b>	<b>4,674</b>
<b>Depreciation</b>				
At 1 April 2007	44	732	682	1,458
Charge in year	15	119	177	311
Revaluations	(59)	–	–	(59)
<b>At 31 March 2008</b>	<b>–</b>	<b>851</b>	<b>859</b>	<b>1,710</b>
<b>Net Book Value</b>				
At 1 April 2007	1,527	484	155	2,166
<b>At 31 March 2008</b>	<b>2,505</b>	<b>406</b>	<b>53</b>	<b>2,964</b>

The Net Book Value of tangible fixed assets does not differ materially from the depreciated replacement cost of the assets.

The land and long leasehold buildings comprise the Agency's offices at St. George's House, Gateshead. An independent professional valuation was carried out by GVA Lamb & Edge at 31 March 2008 which showed the value to be £2.5m. An accounting adjustment has been made to reflect this value.

If land and freehold buildings had not been revalued the historical cost and accumulated depreciation would have been:

	2008 £'000	2007 £'000
<b>Historical cost</b>		
Land	1,034	1,034
Freehold buildings	737	537
	<b>1,771</b>	<b>1,571</b>
<b>Accumulated depreciation</b>		
Land	–	–
Freehold buildings	59	44
	<b>59</b>	<b>44</b>
<b>Net book value</b>		
Land	1,034	1,034
Freehold buildings	678	493
	<b>1,712</b>	<b>1,527</b>

Land is not depreciated. Buildings are depreciated on a straight line basis over their remaining useful economic life.



# Urban Regeneration Agency

## Notes to the Financial Statements

Year ended 31 March 2008

### 11. Investments

#### Subsidiary undertakings

Agency

#### Cost or Valuation

	2008 £'000	2007 £'000
At 1 April 2007	25,000	21,179
Additions in year	–	3,821
<b>At 31 March 2008</b>	<b>25,000</b>	<b>25,000</b>

The Agency has a subsidiary, EP(LP) Limited, in which it holds 25,000,000 ordinary shares of £1 (2006/07: 25,000,000 ordinary shares of £1), representing 100 per cent of the issued share capital. The company commenced trading during 2003 and the nature of its business is investment in property related projects.

The Agency also holds a 100 per cent interest in the ordinary shares of Beehive Workshops Limited which was dormant throughout the period.

All subsidiary undertakings are registered in England.

#### Associated undertakings

Group

The group's share of operating profits in associates included in the Income and Expenditure Account is as follows:

	2008 £'000	Group 2007 £'000
Share of operating profits in associates	6,665	4,889

	Shares £'000	Loans £'000	Group Share of Net Assets £'000	Total £'000
<b>Cost or valuation</b>				
At 1 April 2007	20,617	33,836	20,547	75,000
Additions	–	6,665	–	6,665
Share of profits retained by associated undertakings	1,440	–	3,734	5,174
Share of revaluation reserve	322	–	–	322
<b>As at 31 March 2008</b>	<b>22,379</b>	<b>40,501</b>	<b>24,281</b>	<b>87,161</b>

The additions in loans represent additional funding made to Barking Riverside Limited of £4,165,000 and additional loan funding of £2,500,000 introduced into Blueprint East Midlands Regeneration Partnership.

## Associated undertakings

### Agency

	Shares £'000	Agency Loans £'000	Total £'000
<b>Cost</b>			
At 1 April 2007	10,349	33,836	44,185
Additions	–	6,665	6,665
As at 31 March 2008	10,349	40,501	50,850
<b>Provision for impairment</b>			
At 1 April 2007 and 31 March 2008	(7,500)	–	(7,500)
<b>Net Book Value</b>			
At 1 April 2007	2,849	33,836	36,685
<b>At 31 March 2008</b>	2,849	40,501	43,350

Name of Undertaking	Interest	Nature of Business
Priority Sites Limited	49 per cent 'B' Ordinary	Property rental and development
Network Space Limited	49 per cent 'A' Ordinary 100 per cent 'C' Deferred, non-voting	Development of workspace
English Cities Fund (General Partner) Limited	33 ⅓ per cent 'A' Ordinary	Property development
Land Restoration Trust	½ membership	Land development
English Cities Fund	Limited partnership	Property development
Blueprint East Midlands Regeneration Partnership	25 per cent	Property rental and development
Creative Sheffield	Company limited by guarantee ⅓ membership	Regeneration of Sheffield
Liverpool Vision	Company limited by guarantee ⅓ membership	Regeneration of Liverpool
New East Manchester	Company limited by guarantee ⅓ membership	Regeneration of East Manchester
Tees Valley Regeneration	Company limited by guarantee ⅓ membership	Regeneration of Tees Valley
Leicester Regeneration Company	Company limited by guarantee ⅓ membership	Regeneration of Leicester
Sunderland arc	Company limited by guarantee ⅓ membership	Regeneration of Sunderland
Meden Valley Making Places Ltd	Company limited by guarantee ¼ membership	Regeneration of Meden Valley

# Urban Regeneration Agency

## Notes to the Financial Statements

Year ended 31 March 2008

<b>Name of Undertaking</b>	<b>Interest</b>	<b>Nature of Business</b>
Barking Riverside Ltd	49 per cent Ordinary Shares	Development of land
English Environment Fund	Company limited by guarantee ½ membership	Promotion of environmental projects
Liverpool Land Development Company	Company limited by guarantee ⅓ membership	Regeneration of Liverpool
Derby Cityscape	Company limited by guarantee ⅓ membership	Regeneration of Derby
Gloucester Heritage	Company limited by guarantee ¼ membership	Regeneration of Gloucester
Regenco (Sandwell)	Company limited by guarantee ⅓ membership	Regeneration of West Bromwich
Walsall Regeneration Company	Company limited by guarantee ⅓ membership	Regeneration of Walsall
Aylesbury Vale Advantage	Company limited by guarantee ⅓ membership	Regeneration of Aylesbury
CL:AIRE	Company limited by guarantee ⅓ membership	Research
Central Salford URC Ltd	Company limited by guarantee ⅓ membership	Regeneration of Central Salford
Opportunity Peterborough	Company limited by guarantee ⅓ membership	Regeneration of Peterborough
CPR Regeneration	Company limited by guarantee ¼ membership	Regeneration of Camborne, Pool and Redruth
Renaissance Southend	Company limited by guarantee ⅓ membership	Regeneration of Southend-on-Sea
Hull URC	Company limited by guarantee ⅓ membership	Regeneration of Hull
New Swindon Company	Company limited by guarantee ⅓ membership	Regeneration of Swindon

The Agency has invested in English Cities Fund (ECF), a limited partnership. The majority of its investment is by way of loan stock in ECF via the Agency's wholly owned subsidiary EP (LP) Limited. The return to the Agency varies according to the level of profits achieved and its share of net assets is influenced proportionately.

## 12. Development assets

### Group and Agency

	<b>2008</b> £'000	<b>2007</b> £'000
Net book value at 1 April	714,748	759,111
Additions in year	135,037	87,150
Disposals	849,785	846,261
Amounts written off	(109,384) (21,519)	(113,936) (17,577)
<b>Net book value at 31 March</b>	<b>718,882</b>	<b>714,748</b>

Amounts written off development assets principally represent reductions in net realisable value resulting from intended change of use, following acquisition, to affordable housing and changes in market conditions.

## 13. Debtors

### Group and Agency

	<b>2008</b> £'000	<b>2007</b> £'000
<b>(a) Amounts falling due after more than one year</b>		
Due from disposal of development assets	129,930	66,236
<b>(b) Amounts falling due within one year</b>		
Due from disposal of development assets	102,310	66,003
Prepayments	537	631
Commission for the New Towns	8,140	5,316
Other debtors	16,598	1,192
Loans to employees	21	13
	<b>127,606</b>	<b>73,155</b>

# Urban Regeneration Agency

## Notes to the Financial Statements

Year ended 31 March 2008

### (c) Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Balances with other Central Government bodies	9,426	5,410	–	–
Balances with local authorities	1,091	943	–	–
Balances with public corporations and trading funds	338	64	–	–
Intra-Government balances	10,855	6,417	–	–
Balances with bodies external to Government	116,751	66,738	129,930	66,236
	127,606	73,155	129,930	66,236

### 14. Creditors: Amounts falling due within one year

	Group 2008 £'000	Group 2007 £'000	Agency 2008 £'000	Agency 2007 £'000
Trade creditors	22,417	15,819	22,417	15,819
Taxation and social security	16,076	15,814	16,076	15,814
Other creditors	42	40	42	40
Accruals and deferred income	19,236	10,545	19,236	10,545
Amount due to subsidiary undertaking	–	–	3,342	3,342
	57,771	42,218	61,113	45,560

### 15. Creditors: Amounts falling due after more than one year

	Group 2008 £'000	Group 2007 £'000	Agency 2008 £'000	Agency 2007 £'000
Other Central Government bodies	–	13,404	–	13,404



## 16. Creditors: Intra-Government Balances

Group	Amounts falling due within one year		Amounts falling due after more than one year	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Balances with other Central Government bodies	29,226	13,699	–	13,404
Balances with local authorities	–	13	–	–
Balances with public corporation and trading funds	3	–	–	–
Intra-Government balances	29,229	13,712	–	13,404
Balances with bodies external to Government	28,542	28,506	–	–
<b>Total creditors at 31 March</b>	<b>57,771</b>	<b>42,218</b>	<b>–</b>	<b>13,404</b>

Agency	Amounts falling due within one year		Amounts falling due after more than one year	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Balances with other Central Government bodies	29,226	29,014	–	13,404
Balances with local authorities	–	13	–	–
Balances with public corporations and trading funds	3	–	–	–
Intra-Government balances	29,229	29,027	–	13,404
Balances with bodies external to Government	31,884	16,533	–	–
<b>Total creditors at 31 March</b>	<b>61,113</b>	<b>45,560</b>	<b>–</b>	<b>13,404</b>

## 17. Provision for liabilities and charges

### Group and Agency

	Property interests with negative values £'000	Additional consideration payable for the purchase of development assets £'000	Total £'000
Balance at 1 April 2007	2,386	–	2,386
Movement in provision	(595)	113,883	113,288
<b>Balance at 31 March 2008</b>	<b>1,791</b>	<b>113,883</b>	<b>115,674</b>

#### a) Property interests with negative values

The provisions relating to property interests with negative values represent an estimate of liabilities arising in respect of disengagement from specific property interests.

#### b) Additional consideration payable for the purchase of development assets

In 2005/06 the Agency entered into an agreement with a third party to acquire a portfolio of surplus public sector land. The development agreement was structured so that initial consideration payable would be supplemented by further consideration when milestones for income and profit were triggered. Based on sales completed to date and forecasts for remaining disposals it is almost certain that additional consideration will be payable.

In order to match income recognised in the Agency's accounts with the true cost of disposal, the Agency has established the above provision. The provision calculates the proportion of additional consideration that will become payable attributable to sales recognised to date. The movement in this provision has been charged against Cost

# Urban Regeneration Agency

## Notes to the Financial Statements

Year ended 31 March 2008

of Property disposals in the Income and Expenditure Account.

### 18. Financial instruments

The Agency's Treasury Management Policy is reviewed and approved by the Board on an annual basis. The criteria of accepted best practice are adhered to, including compliance with all statutory and relevant regulatory codes.

Sufficient liquidity is retained at all times to meet liabilities through the investment of cash surpluses in financial instruments with maturity profiles necessary to ensure the availability of funds when required, while optimising returns on investments. Investment of cash surpluses may only be with approved counterparties and in accordance with established exposure limits.

Deposits are all short-term sterling deposits, which do not exceed 14 days. The Agency does not engage in speculative activity and its policy does not allow for use of more complex financial instruments, such as derivatives. The main financial risk faced by the Agency is that of fluctuation in interest rates.

The numerical disclosures in this note deal with financial assets and liabilities as defined by *FRS 13, Derivatives And Other Financial Instruments*. Certain financial assets such as investments in subsidiary and associated undertakings are excluded from the scope of these disclosures. As permitted by *FRS 13*, short-term debtors and creditors have been excluded from these disclosures.

The Agency's financial assets relate to sterling cash deposits of £91.5m (31 March 2007: £100.8m), short-term debtors and debtors due after more than one year. The deposits comprise deposits placed on money market at call, or overnight rates. The debtors due after more than one year relate to sales made on a deferred receipt basis and these have been discounted by the Agency's cost of capital rate of 3.5 per cent to reflect the time value of monies due. The Agency has no financial liabilities other than short-term creditors. There is no material difference between the book and fair value of the Agency's financial assets and liabilities.

## 19. Income and Expenditure Account

	<b>Group 2008</b> £'000	<b>Group 2007</b> £'000	<b>Agency 2008</b> £'000	<b>Agency 2007</b> £'000
Balance at 1 April	967,861	910,357	957,456	902,533
Grant in aid received during the period	261,009	306,860	261,009	306,860
Net expenditure for the period	(251,653)	(249,356)	(256,827)	(251,937)
<b>Balance at 31 March</b>	<b>977,217</b>	<b>967,861</b>	<b>961,638</b>	<b>957,456</b>

## 20. Revaluation reserve

	<b>Group 2008</b> £'000	<b>Group 2007</b> £'000	<b>Agency 2008</b> £'000	<b>Agency 2007</b> £'000
Balance at 1 April	6,252	8,164	–	–
Group share of surplus on revaluation of investments	322	(1,912)	–	–
Revaluations	792	–	792	–
<b>Balance at 31 March</b>	<b>7,366</b>	<b>6,252</b>	<b>792</b>	<b>–</b>

# Urban Regeneration Agency

## Notes to the Financial Statements

Year ended 31 March 2008

### 21. Operating leases

As at 31 March the Agency had annual commitments under operating leases as follows:

	2008		2007	
	Land & Buildings £'000	Others £'000	Land & Buildings £'000	Others £'000
Leases expiring:				
- within one year	229	205	222	266
- between one and five years	1,141	510	1,007	436
- in over five years	186	-	170	-
	1,556	715	1,399	702

### 22. Capital expenditure commitments

	2008 £'000	2007 £'000
Expenditure that has been authorised by the Agency at 31 March	782,224	568,051

### 23. Pension scheme

(a) Employees of the Agency participate in the English Partnerships' Pension Scheme, which is a multi-employer defined benefit scheme. The Scheme is set up under trust and the assets of the Scheme are, therefore, held separately from those of the Agency.

The Financial Statements of the Agency's Pension Scheme are available from the Secretary, at St George's House, Kingsway, Team Valley, Gateshead, NE11 0NA. All employees are issued with a summary of the Financial Statements.

(b) The English Partnerships' Pension Scheme is a multi-employer defined benefit scheme as described in paragraph 9 of *FRS 17, Retirement Benefits*. The Scheme was initially started in English Estates and has evolved through several changes, the main ones of which being the formation of Regional Development Agencies and the London Development Agency and the merger of the Agency and the Commission.

Because of this complex history it is not possible to allocate the Scheme's assets and liabilities for each individual contributing employer on a reasonable and consistent basis.

The rate of employers' contributions is the same for all contributing entities in the Scheme based on the needs of the Scheme in total. This rate is reviewed on a periodic basis, normally three yearly, with additional reviews as necessary and is adjusted in order to ensure that the full liabilities of the Scheme will be met.

Contributions are charged in the Income and Expenditure Account as they become payable in accordance with the rules of the Scheme.

A valuation of the Scheme's total assets and liabilities at 31 March 2008 in accordance with *FRS 17* has been prepared and the results together with the key assumptions used are noted below:

Actuarial value of the liability	£129.2m
Market value of assets	£130.0m
Net pension surplus	£0.8m
Salary increase rate	5.5 per cent
Pension increase rate	3.5 per cent
Discount rate	6.9 per cent
Price inflation	3.5 per cent

## 24. Related party transactions

The Agency is a Non-Departmental Public Body sponsored by CLG. Hence any other bodies sponsored by CLG are considered to be related parties. During the year, the Agency has had a significant number of material transactions with CLG.

The Agency and the Commission have a close working relationship. Where certain functions, costs or staffing related to both organisations, for efficiency were controlled by one, appropriate recharges of costs have been made. Recharges in the year totalled £5m.

In addition, the Agency has had a number of material transactions with other Government Departments and other Central Government bodies, including various local authorities, Regional Development Agencies and the Department for Business, Enterprise and Regulatory Reform. The Agency has also had a number of material transactions with its associated undertakings including:

- Priority Sites (PSL), in which the Agency has a 49 per cent interest:
  - the provision of grant funding totalling £10.3m (2006/07: £11m)
- Urban Regeneration Companies, in most of which the Agency is a  $\frac{1}{3}$  member:
  - contributions to the operating costs, research and studies of these companies totalling £7m (2006/07: £7m)
- Land Restoration Trust in which the Agency has a 50 per cent holding:
  - grant funding totalling £0.5m (2006/07: £1m)
- Meden Valley Making Places in which the Agency has a 25 per cent holding:
  - repayment of grant funding totalling £3.5m (2006/07: payment of £0.2m)
- Blueprint in which the Agency has a 25 per cent holding:
  - investment by way of loan stock and shares in the form of cash and property £2.5m (2006/07: £0.2m)
- Barking Riverside in which the Agency has a 49 per cent holding:
  - investment by way of loan stock £4.2m (2006/07: £1.6m)

The Agency's internal approval procedures are established so that members of staff nominated to act as directors or officers of associated undertakings do not have delegated authority with regard to the relevant undertaking.

There were no other transactions in which Board Members and related parties had a direct or indirect financial interest.

During the year none of the senior managers or related parties has undertaken any material transactions with the Agency.

## 25. Post balance sheet events

The Agency's Financial Statements are laid before the Houses of Parliament by the Secretary of State of Communities and Local Government. *FRS 21, Events after the Balance Sheet Date* requires the Agency to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by the Agency's management to the Secretary of State of Communities and Local Government.

The authorised date for issue is 30 June 2008.



# Accounts Direction

given by the Secretary of State with the consent of the Treasury, in accordance with paragraph 9, Schedule 18 of the Leasehold Reform, Housing and Urban Development Act 1993.

1. The annual accounts of the Urban Regeneration Agency (hereafter in this accounts direction referred to as 'the Agency') 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 2006/2007 and subsequent years shall be prepared in accordance with:-
  - (a) the accounting and disclosure requirements given in *Government Accounting* and in the *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;

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

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 explanations 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.

Signed by authority of the Secretary of State



**Andy Rudd**

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

## 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 income and expenditure account or the notes thereto
  - (a) the following income –
    - (i) proceeds on the disposal of development properties
    - (ii) proceeds on the disposal of fixed assets
    - (iii) rents and maintenance charges receivable
    - (iv) joint venture profits
  - (b) the following expenditure –
    - (i) book value of development properties sold
    - (ii) movements in provisions for losses on development properties
    - (iii) joint venture losses
    - (iv) debts written off and movements in provisions for bad and doubtful debts.
2. 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 of 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 Agency, 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 Agency
- II on secondment or loan to the Agency
- III agency or temporary staff
- IV employee costs that have been capitalised);

# Accounts Direction

given by the Secretary of State with the consent of the Treasury, in accordance with paragraph 9, Schedule 18 of the Leasehold Reform, Housing and Urban Development Act 1993.

- (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 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 the Agency's operations; and
- \* (h) 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 the Agency), between the Agency 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 the Agency by each individual board member or key manager
  - (iii) the following are related parties:
    - (1) subsidiary and associate companies of the Agency
    - (2) pension funds for the benefit of employees of the Agency or its subsidiary companies (although there is no requirement to disclose details of contributions to such funds)
    - (3) board members and key managers of the Agency
    - (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 the Agency.

For the purposes of this sub-paragraph:

- (i) A key manager means a member of the Agency'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 per cent 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 board meetings of the company.

\* Note to Schedule 2 paragraph 2(h): 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.

# Getting in touch

[www.englishpartnerships.co.uk](http://www.englishpartnerships.co.uk)  
[mail@englishpartnerships.co.uk](mailto:mail@englishpartnerships.co.uk)

Corporate Headquarters  
110 Buckingham Palace Road  
London  
SW1W 9SA  
t: 020 7881 1600  
f: 020 7730 9162

Arpley House  
110 Birchwood Boulevard  
Birchwood  
Warrington  
WA3 7QH  
t: 01925 651144  
f: 01925 411493

Central Business Exchange II  
414–428 Midsummer Boulevard  
Central Milton Keynes  
MK9 2EA  
t: 01908 692692  
f: 01908 691333

Fairburn House  
Park Lane  
Allerton Bywater  
West Yorkshire  
WF10 2AT  
t: 01977 669430  
f: 01977 669431

Jordan House West  
Hall Court  
Hall Park Way  
Telford  
TF3 4NN  
t: 01952 293131  
f: 01952 293132

St George's House  
Kingsway  
Team Valley  
Gateshead  
NE11 0NA  
t: 0191 487 6565  
f: 0191 487 5690

10th Floor  
2 Exchange Tower  
Harbour Exchange Square  
London  
E14 9GS  
t: 020 7531 2400  
f: 020 7531 2401

Kent House  
81 Station Road  
Ashford  
Kent  
TN23 1PP  
t: 01233 651700  
f: 01233 651701

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