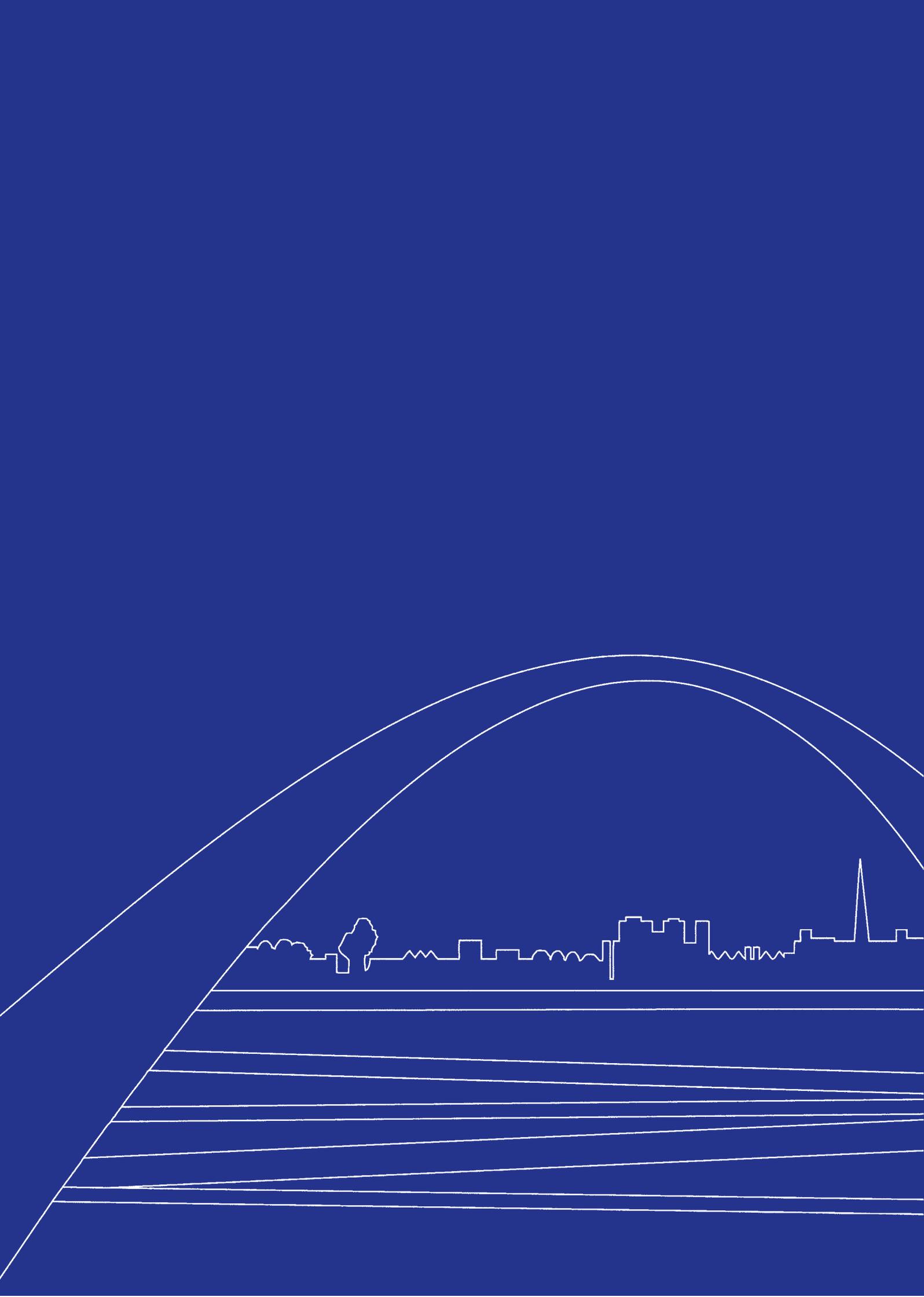




# THURROCK THAMES GATEWAY DEVELOPMENT CORPORATION

ANNUAL REPORT AND ACCOUNTS  
**2008/09**



Thurrock Thames Gateway Development Corporation  
**Annual Report and Accounts 2008/09**

Annual Report and Accounts presented to Parliament by the Secretary of State for Communities and Local Government in pursuance of paragraph 13(3) of Schedule 31 to the Local Government, Planning and Land Act 1980.

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## General Information

### Board

William McKee (Chair)  
William Samuel (Deputy Chair)  
Sunny Crouch  
Garry Hague  
Terence Hipsey (to 31 March 2009)  
John Kent  
Martin Leigh-Pollitt  
Valerie Liddiard  
Christopher Paveley  
Richard Reynolds  
Deep Sagar  
Benjamin Stoneham  
Grahame Thomas

### Chief Executive and Accounting Officer

Niall Lindsay

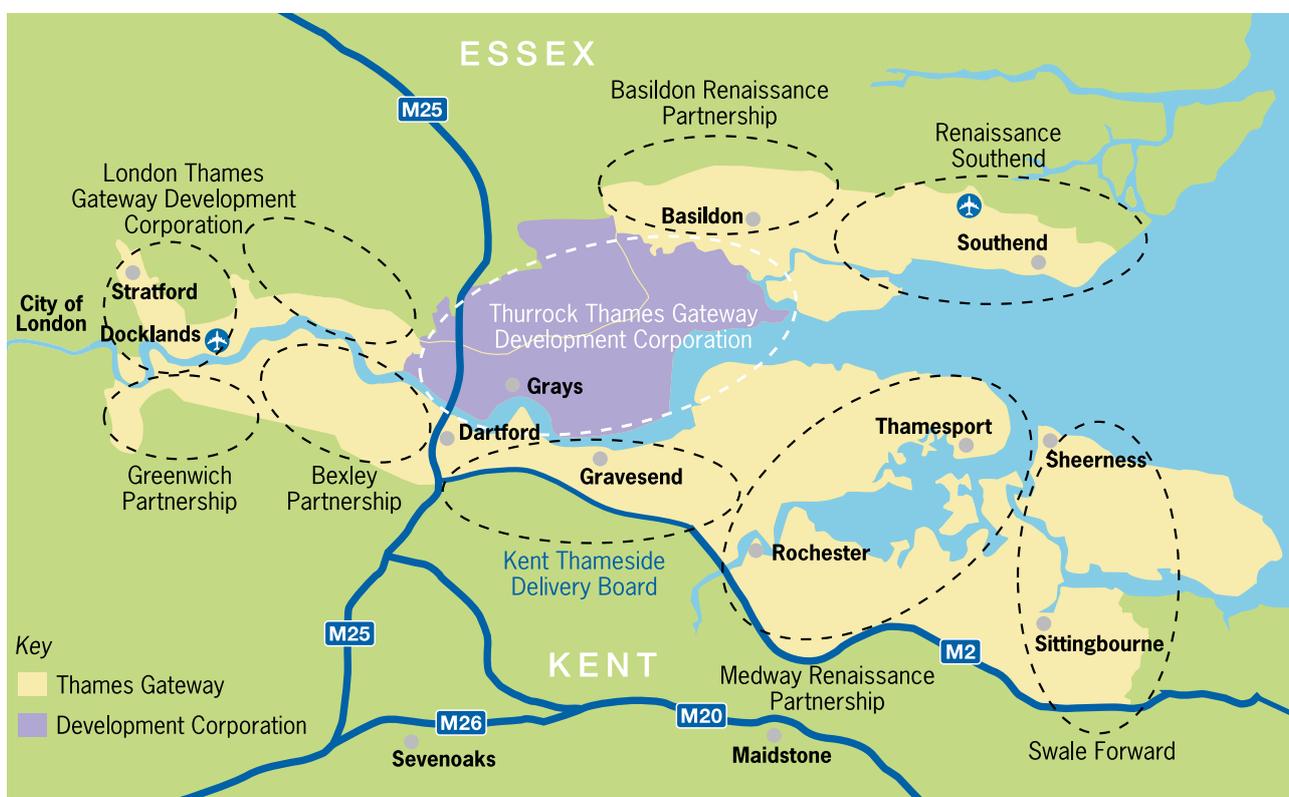
### Principal Office

Thurrock Thames Gateway Development Corporation  
Gateway House  
Stonehouse Lane  
Purfleet  
Essex  
RM19 1NX

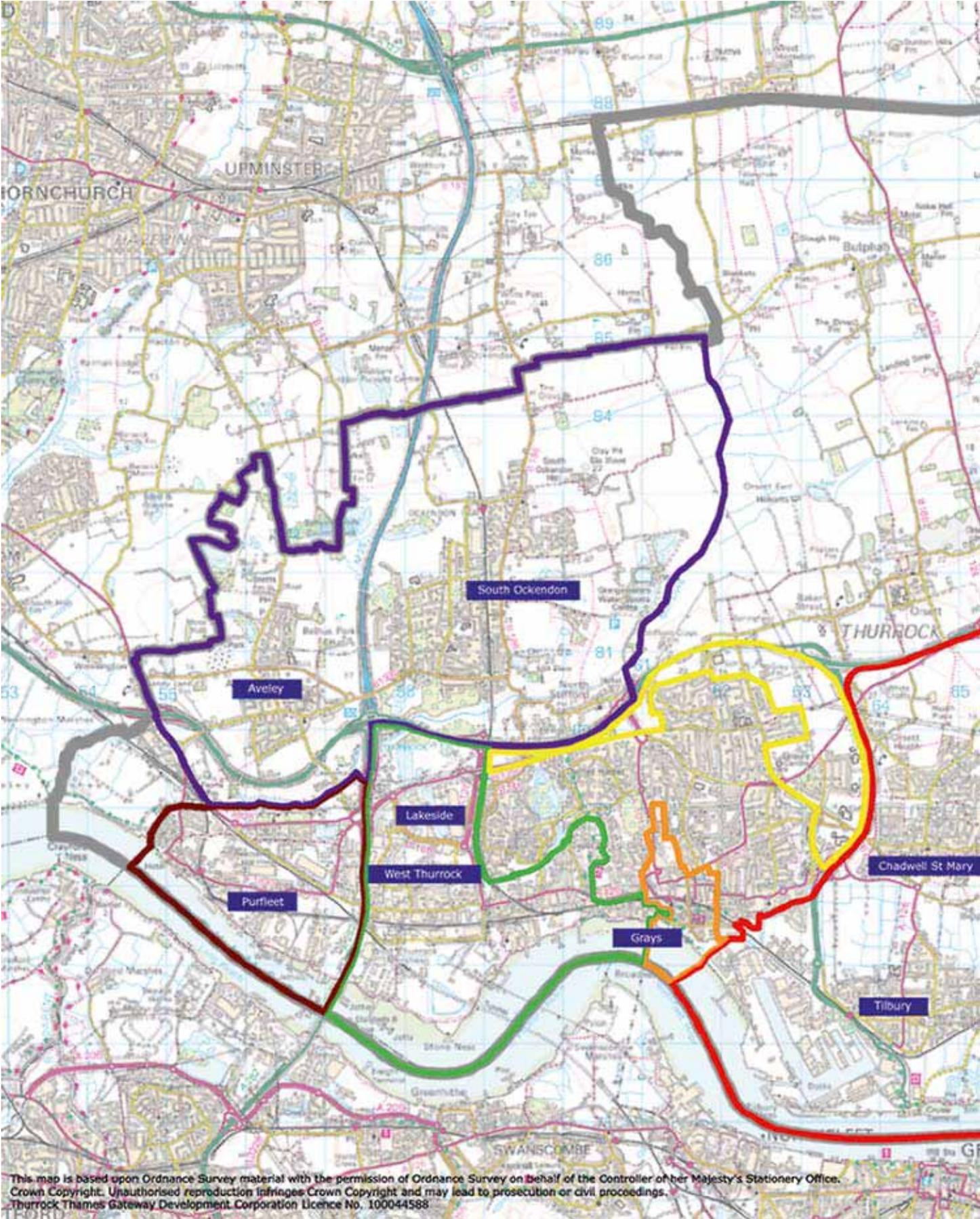
### External Auditor

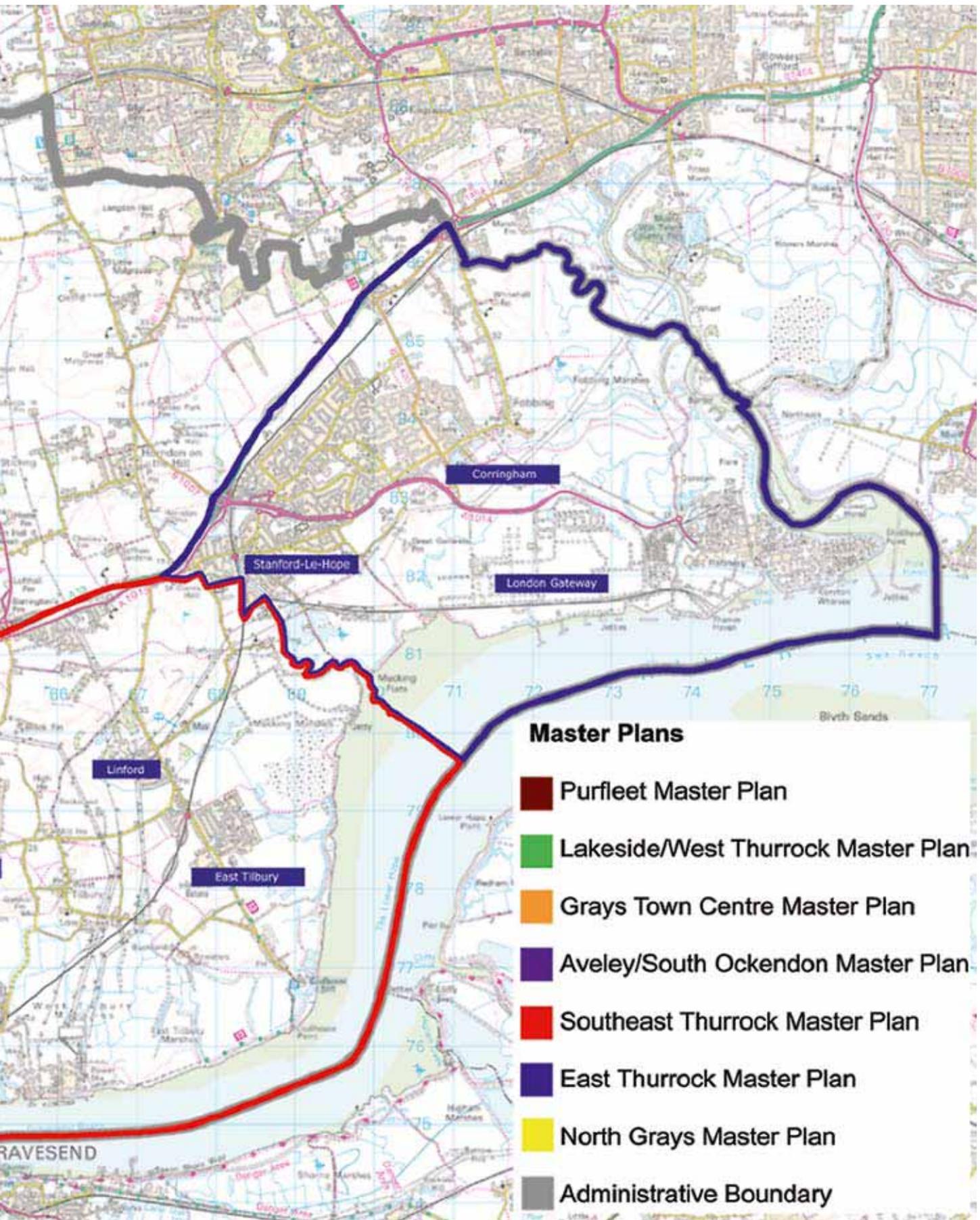
The Comptroller and Auditor General

## Delivery Organisations in Thames Gateway

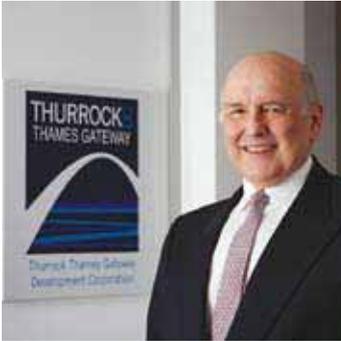


# Area covered by the Thurrock Thames Gateway Development Corporation





## Introduction



I am pleased to report that – despite the recession – the Corporation made good progress against its strategic goals in the year 2008/2009. During the year, amongst many other activities, we:

- completed three Master Plans – five out of seven are now complete
- implemented the new temporary college facility in Grays town centre
- started work on the new Royal Opera House Production Park – an iconic project for Thurrock and the UK
- acquired a further 33 acres of land enabling us to bring forward new sites for development
- secured through development options and the creation of a special purpose vehicle over 92 acres of employment land
- secured planning approval consent for a New Generation Community Hospital for Grays.

These are significant achievements which lay the foundation for real change in Thurrock, in three important ways.

Our first step, now largely complete, was our Master Plans. These detailed plans are not just visions but manageable working documents that give us a practical route map for transforming Thurrock, step by step. They are already being taken forward into individual design briefs and project plans and, we believe, strike an important balance between being inspirational and economically feasible.

Secondly, by proactively acquiring land and negotiating with landowners, relocating and remediating where needed, we have begun to reshape Thurrock from a disjointed and incongruent pattern of conflicting land uses in which poor quality residential housing sits alongside industrial sites, to a coherent landscape, where sustainable communities are linked together by green spaces that the public can use and enjoy. Our plans for Grays, for instance, are now moving from the drawing board into real action with the start of work on major projects like the new Learning Campus – and our acquisition of the Old Post Office where we are setting up a Learning Shop.

Thirdly, with the plans complete and the land assembled, we have begun to deliver perhaps the most challenging phase of regeneration – identifying and growing new industries for the future. The Royal Opera House Production Park in Purfleet is an early example of our approach: by bringing in a major brand we have been able to construct a hub that will house a cluster of creative businesses and the UK's first skills academy dedicated to backstage skills. Over time, we expect to draw more creative businesses to Thurrock, making it a natural home for the UK's reviving cultural and creative industry. We are already looking at similar approaches in other sectors, such as environmental sciences and will complement this with work to develop the skills we need among Thurrock's young people.

We recognise the impact that the current credit crunch and economic recession is having and will continue to have for some time on both Thurrock's development and the Thurrock community in general. We see our role in this changed economic climate as being proactive with public resources in the face of the economic difficulties affecting the whole of the UK:

- taking advantage of lower land values to acquire sites that will bring much needed development
- bringing together housing associations and developers to get development moving again
- using public resources to kick start work where we can
- continuing to plan for the upturn through our development plans.

Our role will be crucial in this situation to get projects moving which would otherwise be abandoned, to position ourselves well for the upturn when it comes (through skills training and readily available land) and to encourage that upturn to come quicker in Thurrock than it would without the Corporation. While we face substantial challenges – not least the economic climate and the need to marry environmental, economic, transportation and other social goals – we see our role as taking action to ensure the delivery of major projects, working with different Government departments to ensure a positive outcome. Our ability to work in a creative and practical way with the private sector as well as public sector partners has been vital to our success so far and will continue, crucially so during a time of recession, to be the central plank of our approach in the future. Looking ahead, our focus will be to continue the delivery of the Master Plans in our five key areas:

- **Lakeside** – Our goal is to diversify and upgrade Lakeside – a vital hub in Thurrock but one that now needs new investment – to create a premier retail and leisure destination. We are currently awaiting the outcome of the Secretary of State's Review of the strategy for Lakeside, which will provide us with a framework for the future.
- **Grays** – Our next step is the New Generation Community Hospital north of the town centre and a new further/higher education Learning Campus south of the town centre. Beyond that, plans for a revitalised riverfront to the Thames will ensure that the town is transformed into a vibrant and lively place.
- **Purfleet** – Again, our emphasis is to create a proper 'heart' to the community, with a new centre including a primary school and health facility together with significant new housing and employment to support major Gateway initiatives, particularly the London Gateway Port and Lakeside. Meanwhile, work continues on the £60m state-of-the-art Royal Opera House Production Park, which we believe will become a national centre of excellence for the creative and cultural industries.
- **South East Thurrock** – We plan to improve the housing mix, regenerate the town centre, provide better access to the river and secure the future growth of the Port of Tilbury. The Port of Tilbury is integral to the town and is forecast to expand in the future. The Port is an important logistics base and entry point for London and the South East including supplying materials to the Olympic Park site in Stratford.
- **East Thurrock** – A £1.5bn world-class container port and logistics park is being provided in East Thurrock. We are working with the owner, DP World, to maximise the benefits for Thurrock's businesses and residents.

Driving quality development ahead in this market has not been easy and will continue to be a challenge next year. Funding constraints, both in the public and private sectors, present an additional hurdle for plans which must already seek to address environmental and social needs while achieving economic targets. However, we firmly believe that our planned and measured approach, which focuses our effort on a select number of key transformational projects that have multiple benefits for the local community and beyond, will continue to yield results.

I would like to thank our dedicated staff, Board Members and partners, whose hard work made this year's progress possible.



William McKee C.B.E.  
Chair  
Thurrock Thames Gateway Development Corporation  
2 July 2009

## 1. Statutory Background

The Thurrock Thames Gateway Development Corporation was established by Statutory Instrument (2003 No. 2896) on the 29 October 2003 pursuant to the provisions of sections 134 and 135 of, and Schedule 26 to, the Local Government, Planning and Land Act 1980 to bring about the regeneration of Thurrock. The Thurrock Development Corporation (Area and Constitution) Order also determined the Corporation's operational boundary as being coterminous with that of Thurrock Council and the broad composition of the Corporation's Board (thirteen members including Chair and Deputy Chair).

The statutory objectives and powers of the Corporation are set out in section 136 of the Local Government, Planning and Land Act 1980. The Corporation's broad statutory objective is to secure the regeneration of its area, by:

- bringing land and buildings into effective use
- encouraging the development of existing and new industry and commerce
- creating an attractive environment
- ensuring that housing and social facilities are available to encourage people to live and work in the area.

For the purpose of achieving the regeneration of its area, the Corporation may:

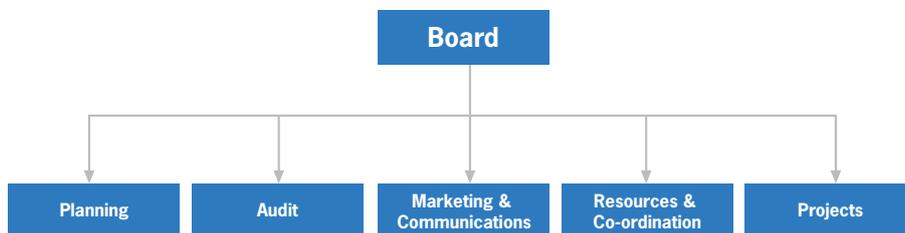
- acquire, hold, manage, reclaim and dispose of land and other property
- carry out building and other operations
- seek to ensure the provision of water, electricity, gas, sewerage and other services
- carry on any business or undertaking for the purposes of regenerating its area
- generally do anything necessary or expedient for this purpose, or for purposes incidental to those purposes.

Within the founding legislation, the then First Secretary of State defined the overall objective of the Thurrock Development Corporation:

“To promote and deliver the sustainable regeneration and growth of Thurrock, within the context of the national policy set out in the Sustainable Communities Plan, the plans for the wider Thames Gateway sub-region, and for the eastern region as a whole.”

The Board of the Thurrock Thames Gateway Development Corporation is made up of 13 members (including Chair and Deputy Chair). All members were selected through a competitive process supervised by the Office of the Commissioner for Public Appointments (OCPA) and appointed by the Secretary of State. Four out of the 13 Board Member positions are reserved for elected members from Thurrock Borough Council. Board Members are collectively responsible for the conduct of all business undertaken by the Corporation. Consequently, in addition to the statutory powers and duties of the Corporation, members have both fiduciary duties and general duties of skill and care. This means that they are not only responsible for the Board's strategic direction and policies but also for ensuring that it is properly and effectively managed. In particular, members are responsible for the stewardship of the public funds entrusted to the Board. The Board meets on a six-weekly cycle. The Board has created a number of committees to manage its key functional areas. With the exception of the Planning Committee, which meets four-weekly, and the Audit Committee, which meets quarterly, the committees meet on the same six-weekly cycle as the Board. The committees and their membership during 2008/09 are set out below:

## 2. The Board



| Committee Memberships                     | Planning                   | Audit | Marketing & Communications | Resources & Co-ordination | Projects |
|---|----------------------------|-------|----------------------------|---------------------------|----------|
| William McKee<br>(Chair of Board)         | ■                          | ■     | ■                          | ■                         | ■        |
| William Samuel<br>(Deputy Chair of Board) | Chair                      |       |                            | ■                         |          |
| Sunny Crouch                              | ■                          |       | Chair                      | ■                         |          |
| Martin Leigh-Pollitt                      |                            |       |                            | Chair                     | ■        |
| Christopher Paveley                       | ■                          |       |                            | ■                         | Chair    |
| Grahame Thomas                            | ■                          | Chair | ■                          |                           |          |
| Garry Hague                               |                            |       | ■                          |                           | ■        |
| Terence Hipsey                            |                            |       |                            | ■                         | ■        |
| John Kent                                 |                            | ■     | ■                          |                           | ■        |
| Valerie Liddiard                          |                            |       | ■                          |                           | ■        |
| Richard Reynolds                          | ■ (from<br>12 May<br>2008) | ■     |                            |                           | ■        |
| Deep Sagar                                | ■                          | ■     |                            |                           |          |
| Ben Stoneham                              | ■                          | ■     |                            |                           |          |

## 3. Vision and Strategic Goals

### 3.1 Vision

“To secure the comprehensive and sustainable housing, economic and social growth of Thurrock, through the structured development and regeneration of the borough for the benefit of new and existing communities and for visitors to the area.”

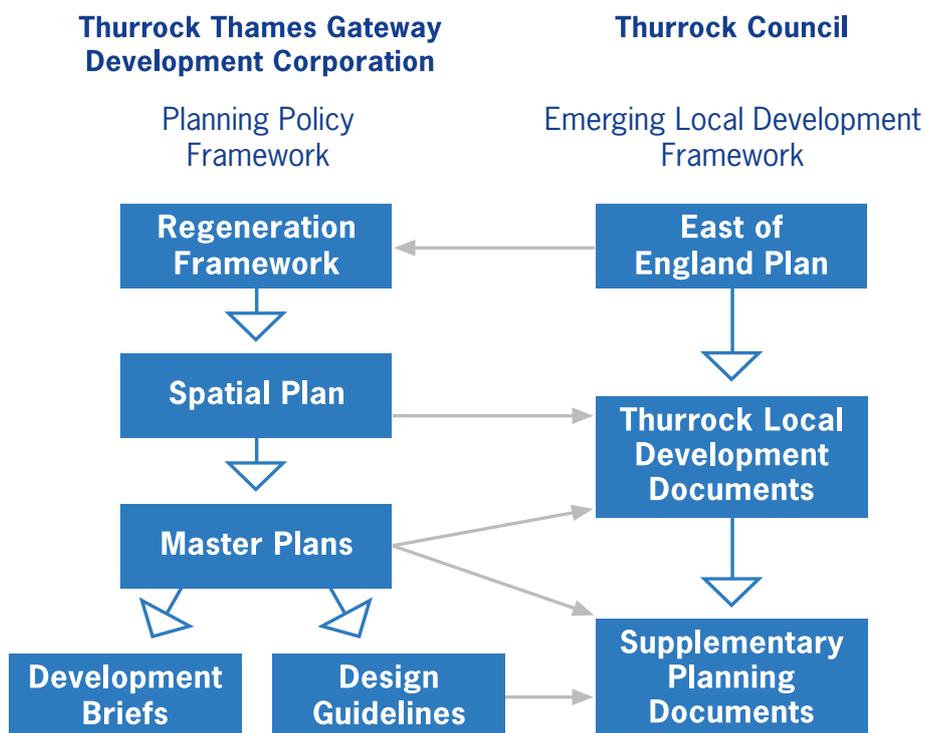
### 3.2 Strategic Goals

The Corporation has developed nine Strategic Goals, which have been established to guide the organisation’s strategic direction and to inform its investment decisions. These are:

1. Contribute to the provision of sufficient capacity to meet strategic growth targets including 26,000 new jobs and 18,500 new homes in a sustainable way by 2021
2. Increase participation and attainment in lifelong education and skills development
3. Create a wide range of jobs with a future
4. Increase the choice and quality of housing provision for everyone
5. Provide modern community infrastructure and service delivery
6. Enhance the quality and use of valuable green space
7. Increase opportunities for entertainment, leisure and culture
8. Ensure that all parts of Thurrock are accessible to, from and within the borough
9. Ensure that development and regeneration take place in an environmentally sensitive way.

The Corporation continues to work closely with Thurrock Council in order to ensure that its Planning Policy Framework is in alignment with the local authority's emerging Local Development Framework and associated Local Development Documents. This policy alignment is depicted in the graphic below:

#### 4. Planning Policy Framework



## 5. Review of Progress on Principal Activities in 2008/09

During the year we made important progress in our key areas of activity: completing strategic and detailed plans, assembling land, beginning the construction and delivery of projects and providing grants or other incentives for regeneration.

### 5.1 Planning

- Approved and published Master Plans for Grays Town Centre and Lakeside & West Thurrock
- Completed public consultations on Master Plans at preferred option stage for East Thurrock and South East Thurrock
- Drafted and consulted on the North Grays Town Centre Design Brief
- Published the South Stifford Framework for Change.

We have now completed the majority of our Master Plans and will publish the remaining plans during 2009/10. Once the Master Plans are complete, they flow into a series of more detailed implementation plans or design briefs.

### 5.2 Planning Applications

Since it acquired its planning powers on 31 October 2005, the Corporation has determined 194 planning applications generating consents for over 1,500 housing units and approximately 3,800 jobs on implementation and raising approximately £1.6 million in S.106 contributions towards local infrastructure. In 2008/09 the Corporation gave consent to developments that will provide over 1,400 homes and 1,050 jobs.

### 5.3 Land Acquisition

- Acquiring land is vital to our success as we were established without any land asset base to deliver the growth agenda. We acquired 33 acres of land in 2008/09, bringing our total land ownership to over 90 acres. In addition, we have secured under option or by creating special purpose vehicles a further 92 acres. Key land acquisitions in 2008/09 included:
  - Over 21.5 acres of prime Purfleet riverfront to deliver our plans to create a new residential and mixed use centre for Purfleet which include a new three form entry primary school, health & social care facilities, new and improved public open space and improvements to the local transport network. We also secured a further 1.5 acres in Botany Quarry
  - Two sites on London Road in West Thurrock amounting to over seven acres. These will fulfil the Lakeside and West Thurrock's Master Plan ambition to create a high quality residential led development in West Thurrock

We have also made a Compulsory Purchase Order to assemble the land at Hogg Lane South to accommodate a New Generation Community Hospital and secure replacement sites for existing occupiers.

In the financial year to 2009/10 we will continue to acquire land for the major projects as set out in the Corporate Plan.

## **5.4 General Development Approach**

We are developing new investment vehicles which use our capital (and other public assets) to encourage a higher level of private sector investment. The first of these vehicles (the Purfleet Regeneration Investment and Development project - PRIDe) will enable us to create a new centre for Purfleet as well as deliver additional jobs and houses.

In this difficult market it is very important that we come up with imaginative ways of ensuring that we engage developers particularly in the challenging housing market. We are working with house builders and housing associations to achieve this and to bring forward our key housing sites.

We continue to work with Thurrock Council, the South West Essex Primary Care Trust and the Learning and Skills Council (Essex) and other partners on plans to transform Thurrock's health and social care facilities and to improve opportunities for learning and skills development across the borough.

## **5.5 Construction and Project Delivery**

Our work focuses on delivering strategically important projects in the five key hubs set out in our Corporate Plan. Highlights of work this year and priorities in the immediate future are:

### *5.5.1 Grays*

A new temporary facility for the new Thurrock Learning Campus was constructed in Grays Town Centre. The Corporation granted £228,000 towards the new Centre of Vocational Excellence in IT at the new facility, which opened in January 2009 and has already attracted over 100 students.

Looking ahead, we have an active programme of work in Grays. Working with EEDA and the University of East London, we will refurbish the former Grays Post Office in the town centre to provide an innovative learning shop offering information, advice and guidance on careers, job skills and learning opportunities in the borough.

We will also be working with a range of education and skills organisations to secure the permanent site for the new 30,000 m<sup>2</sup> Learning Campus. This facility will fill a vital gap in the area, providing a comprehensive range of further, higher and adult community education programmes to develop the skills base in the borough. This will equip Thurrock to attract employers from new and diverse economic sectors to the area.

Working alongside the NHS South West Essex PCT we are assembling land at Hogg Lane to develop a New Generation Community Hospital. We have already acquired land from Defence Estates (Grays Territorial Army Centre) and are now in negotiation with the Royal Mail Group and other land owners.

### *5.5.2 Lakeside and West Thurrock*

In December 2004 the East of England Regional Assembly (EERA) published its policy recommendations for the East of England Plan. Under the recommendations for Lakeside EERA proposed that there should be no further retail development inside the Lakeside Basin. The Corporation could not allow this recommendation to stand as Lakeside is an important economic driver for the area and has the potential to secure in excess of £700m of private sector investment and deliver around 6,000 new jobs. After extensive lobbying by the Corporation, in May 2008 the Secretary of State announced a Single Issue Review in respect of the Lakeside Basin and directed that EERA produce a revised policy and framework to guide the future redevelopment of the Lakeside Basin with the Corporation cited to be a member of the Policy Review Steering Group. The outcome of the Single Issue Review is expected in December 2009.

The Corporation developed and approved the South Stifford Framework for Change. This promotes a balanced neighbourhood of residential/mixed use development in South Stifford. It will create a new local centre, improve access to the riverfront and identifies a capacity for around 2,000 new homes.

### *5.5.3 Purfleet*

We have made substantial progress with the Royal Opera House Production Park project. A special purpose vehicle has been established and the necessary land transfers are taking place; infrastructure design and pre-contract work is completed and the groundworks contract will start on site in early summer 2009. The site for the Royal Opera House's (ROH) new set fabrication facility will be handed over to allow the ROH to commence construction in September 2009. The National Skills Academy for Creative and Cultural Skills has now received approval of its outline business case and is in the process of sourcing funding for this key educational facility.

Over the course of this year the Corporation will start the first phase of the refurbishment of the listed High House Farm buildings and walled gardens. Work will start in summer 2009.

Subject to final government consent, we will be undertaking a major exercise to acquire around 40 sites totalling about 90 acres inside Botany Way in Purfleet that will allow us to begin development in the area and implement the Purfleet Master Plan to deliver 3,000 new homes and 1,000 new jobs through a public/private development vehicle.



We have commissioned studies to produce a framework for the comprehensive redevelopment of 35 acres of land in and around Purfleet Farm for future employment use. We believe the site can be developed to deliver around 1,000 high quality new jobs. We have acquired the crucial main road access into the main site area and the jetties on the waterfront.

#### *5.5.4 Aveley and South Ockendon*

We have secured purchase and development options over the majority of a 78 acre employment site identified in the approved Aveley and South Ockendon Master Plan located at the Wennington/Aveley junction of the A13. The site will not only be an important opportunity for new investors to the borough but will also enable the relocation of employers from Purfleet Centre, safeguarding jobs in the area.

### **5.6 Grant Funding**

- The Corporation granted £40,000 for a new wind turbine at the RSPB Visitor Centre at Rainham Marshes to further enhance the building's impressive sustainability credentials
- Our Community Fund for small scale local projects distributed £240,000 of grants to 38 different groups in 2008/09. Money went to a variety of causes that will help regenerate the area such as leisure activities, community premises improvements, and environmental projects. Almost £270,000 of additional funding has been brought to these projects as a direct or indirect result of the Community Fund
- The Corporation awarded £292,000 to the Corringham Fire Station Community Safety Centre, which will house advanced youth and fire break activities, including the highly successful Firebreak scheme where fire fighters act as community role models and mentors to support young people who have "lost their way" in life
- The Corporation awarded a total of £990,000 (£250,000 disbursed in 2008/09) to Thurrock Council towards the West Thurrock Civic Amenity Site, which will provide new recycling and re-use facilities in the borough. This facility is set to open in Autumn 2009
- The Corporation awarded £228,000 towards the Centre of Vocational Excellence in IT at the new temporary facility for the Thurrock Learning Campus constructed in Grays Town Centre.

## 6. Stakeholder Relationships

Close working relationships with our key stakeholders in Thurrock and the region is vital to deliver the regeneration effort. These include Thurrock Council, community groups, private and public partners as well as the various statutory agencies and government departments that have an interest in our work.

In particular, we need to build on past discussions with local people about our plans for the area. During 2008/09 we held a variety of community and stakeholder events including public exhibitions, development workshops and tailored seminars. In the coming year we are expanding our active programme of general communication.

We have worked with the Local Strategic Partnership (LSP) in the development of the Borough's Community Strategy and contributed to the preparation of Thurrock's Local Area Agreement in which the Corporation is cited as a key delivery partner in 13 out of the 35 target output indicators and we continue to support the work of the LSP Board.

We value the co-operation of our partners highly, in taking forward our shared agenda for improving the physical, environmental, economic and social outlook for Thurrock and its people.



A handwritten signature in black ink that reads "Niall Lindsay". The signature is written in a cursive style with a long horizontal stroke at the end.

Niall Lindsay  
Chief Executive  
Thurrock Thames Gateway Development Corporation  
2 July 2009

With the creation of the High House Production Park Ltd (HHPP) company (a single purpose vehicle – SPV – set up to be the landowner of the Production Park) during 2008/09 as a wholly owned subsidiary of the Corporation, the presentation of the Annual Accounts changes from those presented in 2007/08. The Annual Accounts now cover both the Corporation and the consolidated position of both the Corporation and the HHPP - the Group.

High House Production Park Ltd is a wholly owned subsidiary set up by the Corporation. The Certificate of Incorporation is dated 28th August 2008. The company was registered at Companies House on 30th October 2008. The company forms the landholding entity for a project that will ultimately comprise a campus consisting of the Royal Opera House (ROH) Production Facility, a training/educational facility run by the National Skills Academy, a number of artists' studios and warehouse/office space for small and medium enterprises operating in fields related to the cultural sector. The Corporation is a short life entity, but it is envisaged that the HHPP will continue over the life of the campus.

The accounts on pages 36-54 have been prepared in a form notified by the Secretary of State with the consent of HM Treasury in accordance with the Local Government, Planning and Land Act 1980.

As part of its broad delivery agenda for the Thames Gateway, the Government set out proposals in the Communities Plan (February 2003) to establish a development corporation in Thurrock, to oversee the regeneration and development of the borough. The Thurrock Development Corporation was established by Statutory Instrument (2003 No. 2896) on 29 October 2003.

The Corporation is a non-departmental public body, which is sponsored by the Department for Communities and Local Government (CLG). The principal activities of the Corporation during the period from 1 April 2008 to 31 March 2009 are detailed under "Review of Principal Activities" within this Annual Report.

The movement in tangible and intangible fixed assets is shown in Notes 9 and 10 to the Annual Accounts.

During the period under review, the Corporation completed and approved the Grays Town Centre Master Plan, the Lakeside & West Thurrock Master Plan and the South Stifford Framework for Change.

It also consulted on the Preferred Options for South East Thurrock, East Thurrock Master Plans and the North Grays Design Brief.

## Overview

## High House Production Park Ltd

## Format of Accounts

## Background Information

## Principal Activities of the Corporation

## Changes in Fixed Assets

## Research and Development

|  |  |
|--|--|
| <b>Results</b>   | <p>The net expenditure for the year to 31st March 2009 for the Corporation was £23,688,000 (2007/08 £11,256,000). Net expenditure for the Group for the same period was £23,622,000. The net expenditure for both the Corporation and the Group includes £11,950,000 representing the sum written off to income and expenditure for stock impairment arising from a revaluation of the Corporation's properties at 31st March 2009 (see note 11 on page 48). The remaining net expenditure, after taking account of non-cash costs such as stock impairment and depreciation, is not a loss but instead will be met in full by "grant-in-aid". Gross expenditure by the Corporation for the year to 31st March 2009 totalled £24,892,000 (2007/08 £12,747,000). Gross expenditure for the Group for the same period was £25,241,000.</p> |
| <b>Pension Scheme and Pension Liabilities</b>                    | <p>The Corporation offers membership of the Local Government Pension Scheme (LGPS) to all permanent and temporary staff. More information on pensions and pension liabilities can be found in the Remuneration Report and in Note 14 to the Accounts.</p>  |
| <b>Resources Available</b>                                       | <p>The Corporation is funded principally by grant-in-aid by CLG. A key strength of the Corporation is the professional skills of its workforce.</p>  |
| <b>Review of Development of Business and Future Developments</b> | <p>The majority of work undertaken by the Corporation in 2008/09 related to the acquisition of land with the intention of development and subsequent resale. The Corporation's forward work programme is detailed under "Future Developments" within the Corporation's Annual Report.</p>  |
| <b>Principal Risks and Uncertainties</b>                         | <p>The Corporation has approved a risk management policy and adopted a strategy to deal with the key risks it faces. The principal risks and uncertainties include the possibility that funding levels will be insufficient to support the Corporation's regeneration programme including attracting and retaining key staff, that the limited lifespan of the Corporation will prevent the attainment of planned goals and the current economic conditions particularly affecting the housing and financial markets.</p>  |
| <b>Social and Community Issues</b>                               | <p>As part of the process of creating its strategic plan framework the Corporation has consulted extensively with stakeholders including the local community. Plans forming part of the strategic plan framework undergo a sustainability appraisal and strategic environmental assessment.</p>  |
| <b>Charitable Donations</b>                                      | <p>During the period under review, the Corporation did not make or receive any charitable donations.</p>   |
| <b>Board Membership</b>  | <p>Membership of the Corporation's Board is detailed under "General Information" on page 4 of this Annual Report.</p>  |

The responsibilities of the Corporation's Board members are to:

- contribute to the direction of the Corporation to ensure that regeneration is achieved, while having regard to the need to ensure the highest standards of regularity, propriety and value for money in the use of public funds
- contribute to the formulation of strategies and programmes to achieve regeneration
- contribute to the direction of the Corporation in the production of the Corporate Plan strategy which will make economic and effective use of public funds
- represent the Corporation in public, promote its interests and communicate its aims to CLG, Corporation staff and others
- make full use of any property or commercial experience, special local knowledge or other relevant skills in reaching decisions
- help to ensure the Corporation's activities conform with legislative requirements and bear in mind the collective responsibility of the Board for the conduct of Corporation business
- help to ensure the Corporation achieves maximum value for money from its administrative expenditure
- avoid bringing discredit to the Corporation or its relations with government.

## Board Member Responsibilities

The Corporation aims to be a responsible employer and to this end has produced and distributes to all staff a guidance document (the Corporation's "Employee Handbook") modelled on the terms and conditions of employment of other non-departmental public bodies and CLG.

## Employer Responsibilities and Employee Relations

The Corporation is fully committed to a policy of equal opportunities in all respects of employment. The aim of the policy is to ensure that all job applicants and employees receive fair treatment regardless of their age, gender, sexual orientation, race, nationality, ethnic origin, colour, creed, disability, mental status, trade union membership, religious or political beliefs.

The Corporation's policy is to pay a supplier within 10 days (30 days up to 31st January 2009 when the policy was changed on instruction from CLG) of the submission date of a valid invoice unless the terms of contract stipulate otherwise. During the period under report the Corporation performed within its 30 day policy and made good progress against the revised 10 day policy in the remaining two months of the year. The Corporation did not incur any interest charges with respect to late payments against submitted invoices as defined by the Payment of Commercial Debts (Interest) Act 1988.

## Payment Policies

The Corporation is committed to creating a sustainable and green environment in the Thurrock area both in the delivery of its front line services and within the administration of the Corporation itself. This approach is reflected in the Corporation's work on the Regeneration Framework, Spatial Plan and area Master Plans, each of which have been subject to a sustainability appraisal and a strategic environmental assessment.

## Environmental Issues

## Corporate Governance

The Corporation has a full set of key corporate policies in place, including a Governance Statement that accords closely with the conclusions of the Independent Commission for Good Governance in Public Services as well as the relevant guidance of the Cabinet Office, CLG and the Audit Commission. The Governance Statement is kept under review and amended from time to time by the Board as required. The Corporation has an annual internal audit programme, which is provided under a service contract by the internal audit division of CLG and carried out according to Government Internal Audit Standards. Progress on the internal audit programme is monitored regularly by the Audit Committee.

A Risk Management Strategy has been developed and approved. A corporate risk register is maintained and formally reviewed on a quarterly basis. In addition individual risk registers are maintained for all projects incurring significant expenditure.

Further details on the Corporation's Corporate Governance can be found on page 11 (Board and committee structure and role) and on pages 25 to 28 (Statement on Internal Control).

## Key Performance Indicators

Key performance indicators have been established for indirect numbers of jobs created and indirect numbers of dwellings consented, that is, by planning permissions. The Corporation's published Corporate Plan for the period 2008/09 to 2010/11 identifies targets of 3,900 jobs delivered and 2,820 dwellings completed over the plan period. However, we are aware that in the current economic climate that the dwellings and employment creation targets will be challenging.

In 2008/09 the Corporation gave consent to developments that will provide over 1,400 homes and 1,050 jobs.

## Staff Sickness

The total number of sickness days taken by staff in 2008/09 totalled 168, an average of 4.2 days per member of staff.

## Personal Data Related Incidents

There were no personal data related incidents in 2008/09. Full details can be found within the Statement on Internal Control on pages 25 to 28.

## Register of Interests

A Register of Interests is maintained by the Corporation which is open to the public and can be obtained from the Principal Office of Thurrock Thames Gateway Development Corporation.

## Disclosure

- a. So far as the Accounting Officer is aware, there is no relevant audit information of which the Corporation's auditors are unaware
- b. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Corporation's auditors are aware of that information.

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

## Auditors

The cost of work performed by the auditors in respect of the year ended 31 March 2009 is as follows:

|                               |         |
|-------------------------------|---------|
| Statutory Audit Fee           | £21,500 |
| Fee for grant certification   | £ 2,500 |
| Fee for IFRS transition audit | £ 2,850 |
| Company audit (HHPP)          | £ 3,750 |



Signed by Accounting Officer  
Niall Lindsay  
Chief Executive  
2 July 2009



and on behalf of the Board  
William McKee  
Chair  
2 July 2009

## Statement of the Board's and Accounting Officer's Responsibilities

The Accounts were prepared on 31 March 2009 in accordance with the Accounts Direction provided by the Secretary of State. A copy of the Accounts Direction is provided on pages 55 to 59 of this document.

On 29 October 2004, Niall Lindsay was appointed as Chief Executive and the designated Accounting Officer. The relevant responsibilities of the Accounting Officer, including the responsibilities for the propriety and regularity of the public finances for which an Accounting Officer is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum.

The accounts were prepared on an accruals basis and show a true and fair view of the Corporation's state of affairs at the period-end and of its income and expenditure and cash flows for the financial period.

In drawing up these accounts the Board is required to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements
- prepare financial statements on a going concern basis, unless it is inappropriate to presume that the Corporation will continue in operation.

# Statement on Internal Control

As Accounting Officer, and Chief Executive of the Corporation, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible in accordance with the responsibilities assigned to me in "Managing Public Money". The Accounting Officer of CLG has delegated to me the responsibility for management of the Corporation. I am accountable both to the Accounting Officer of CLG and, in my Accounting Officer role, directly to Parliament.

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 the organisation's policies, aims and objectives
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

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

The Corporation has agreed a risk management policy and strategy for identifying, mitigating and managing key risks. This includes a corporate risk register with assigned responsibilities and a process of risk assessment for all projects that the Corporation undertakes. All reports to the Board and its committees require consideration of risk and indicate whether an assessment of risk has been undertaken.

As Accounting Officer, I have ultimate responsibility for the risk management process. All projects involving significant expenditure include an individual project risk register. A template of this project risk register has been produced and all appropriate staff members have been trained and appraised of the requirement to complete this template which identifies the key risk headings that have to be considered. In addition a risk register covering the whole Corporation is maintained and updated regularly by an appropriately qualified risk manager. All reports to the Board and committees require a statement of confirmation that a proper risk assessment has been undertaken. All staff members are aware of this requirement. At Board level responsibility for the risk management process, on an ongoing basis, is included within the Terms of Reference of the Resources and Co-ordination Committee. The Corporate Risk Register is monitored by the Resources and Co-ordination Committee on a quarterly basis and annually reviewed each autumn. The outcome of the Committee's deliberations is reported to the following Board. In turn the risk management process is audited by the Audit Committee.

## 1. Scope of responsibility

## 2. The purpose of the system of internal control

## 3. Capacity to handle risk

## 4. The risk and control framework

The risk management policy and strategy, including the way in which risk (or change in risk) is identified, evaluated and controlled, is reviewed and audited by the Audit Committee. This role is included in the Audit Committee's Terms of Reference and forms a key part of the assurance framework for the Corporation. Internal Audit (a service provided by CLG) undertake an annual programme of audits that are determined on the degree of perceived risk. During 2008/09 all reports from these audits gave a marking of at least "substantial assurance" under the risk management category.

Internal Audit has produced an annual audit report and opinion for 2008/09 which is considered by the Audit Committee. This report provides the Head of Internal Audit's opinion on the adequacy and effectiveness of risk management, control and governance in the Corporation. The Head of Internal Audit's opinion is that proper and adequate risk management, control and governance processes have been largely established within the Corporation. Where there are weaknesses, these require some moderate enhancements. He considers that the risk management, control and governance structures that have been put in place are generally effective.

The risk and control framework which provides evidence to support this statement on internal control includes:

- preparation of monthly management accounts for examination by the Executive. This ensures the Corporation's finances are within acceptable parameters and identifies any areas of concern requiring attention
- regular reporting of the Corporation's financial position to each meeting of the Resources and Co-ordination Committee and the Board
- a Governance Statement including a Code of Conduct and a Statement of Roles and Responsibilities was first approved by the Board in November 2005 and is regularly reviewed
- a Resources and Co-ordination Committee that regularly monitors and reviews the corporate risk register
- an Audit Committee that reports annually on its work to the Board including its review of the risk management process as well as receiving the reports of the internal auditors and overseeing their implementation
- an internal audit function (part of CLG) which sets its work programme based on an analysis of risks and which reports on its findings directly to the Audit Committee
- a multi-disciplinary Project Review Group which reviews and assesses all Corporation projects through each gateway stage to determine and manage risks and issues that may need addressing.

## 5. Information Risk

It is a requirement to report information risk related incidents to the Information Commissioner's Office and the Corporation takes a serious approach to the way it handles the information that is generated and received by the organisation.

During 2008/09, Internal Audit reviewed the Corporation's adequacy of information security and compliance with the Government's Mandatory Minimum Measures and concluded that substantial assurance could be seen in the progress and work undertaken. This work included (but was not limited to) an Information Strategy, Information Risk Policy, Forensic Readiness Policy, Incident Reporting Policy, ICT Security Policy and code of conduct for dealing with personal data.

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

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

| Date of incident (month)                  | Nature of incident   | Nature of data involved | Number of people potentially affected | Notification steps |
|---|--|-------------------------|---------------------------------------|--------------------|
| N/A                                       | N/A  | N/A                     | N/A                                   | N/A                |
| <b>Further action on information risk</b> | The Corporation will continue to monitor and assess its information risk, in light of the events noted above, in order to identify and address any weaknesses and ensure the continuous improvement of its systems.<br>Planned objectives for the upcoming year include becoming ISO 27001 (Information Security Management Systems) accredited and the development of an electronic document and records management system (EDRMS). |                         |                                       |                    |

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

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Corporation are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

| Category | Nature of incident   | Total |
|----------|--|-------|
| I        | Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises         | N/A   |
| II       | Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises | N/A   |
| III      | Insecure disposal of inadequately protected electronic equipment, devices or paper documents                             | N/A   |
| IV       | Unauthorised disclosure  | N/A   |
| V        | Other  | N/A   |

The Corporation is also required to report the number of protected personal data related incidents in the previous three years (2005/06, 2006/07 and 2007/08). The total number in this period was three.

## Statement on Internal Control

**6. Review of effectiveness** As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control.

My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the Corporation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee and the Resources & Co-ordination Committee (the Committee responsible for risk management) and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board has responsibility for the Corporation's strategic and financial policies and oversees the effective corporate governance of the Corporation.

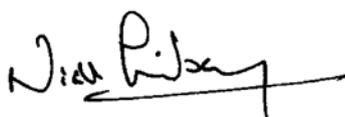
The Resources & Co-ordination Committee is responsible for all financial aspects of the Corporation's business including risk management and regularly monitors the financial performance of the Corporation.

The Audit Committee reviews the Corporation's financial management arrangements including the corporate risk register.

The Head of Internal Audit of CLG provides me with an opinion on the overall arrangements for gaining assurance through the assurance framework and on the controls reviewed as part of the internal audit work. The Director of Resources who has responsibility for the development and maintenance of the system of internal control provides me with assurance. The assurance framework itself provides me with evidence that the effectiveness of controls that manage the risks to the organisation achieving its principal objectives have been reviewed. My review is also informed by CLG and the National Audit Office (NAO).

I am satisfied that the system of internal control is operating effectively.

**7. Significant control issues** There are no significant control issues to report on this occasion.



Signed by the Accounting Officer  
Niall Lindsay  
Chief Executive  
2 July 2009

# Remuneration Report

The remuneration of the Chair and Board is set by the Corporation's sponsor, CLG. The terms and conditions of employment of the Chief Executive Officer and Directors are determined by the Board and subject to the approval of the Secretary of State for Communities and Local Government.

In reaching its determination the Board has regard to the following considerations:

- the need to recruit, retain and motivate suitably qualified people to exercise their different responsibilities
- the regional/local labour market and its effect on the recruitment and retention of staff
- Government policies for improving public services including the requirement to meet output targets for the delivery of the Corporation's objectives
- the funds available to the Corporation as outlined by the sponsor's resource allocations.

Board appointments are for a fixed term (three years for the Chairman and from one to three for other members). Four members of the Board are Thurrock councillors, two of whom serve on the Board as nominees of Thurrock Council and two of whom, the Leader of the Council and the Leader of the Opposition, serve as ex-officio members of the Board. All the other members are recruited independently through CLG which by means of interview assess candidates' suitability for the post following public advertisement in accordance with commonly accepted best practice in Corporate Governance. In addition Board members are appraised annually on their performance.

The Chief Executive and Directors are appointed on permanent contracts of employment. These contracts contain a performance element which is dependent upon the achievement of objectives set each year by the Chairman with advice, in the case of the Directors, from the Chief Executive.

Board members commit to devoting three days of their time per month with the exception of the Chair and Deputy Chair whose commitment is two days per week. Most Board members – and committee Chairs in particular – significantly exceeded this commitment during the year.

The following table shows the salaries of the members during the year under review. The Corporation paid benefits in kind to Board Members during the year in respect of their home to Gateway House journeys and for refreshments for Board and committee meetings. The total taxable benefit of these payments in 2008/09 amounted to just over £10,000. No Board member received any performance pay, bonus or other allowance during the year.

## Remuneration Report

| Salary           | 2008-09        | 2007-08            |
|------------------|----------------|--------------------|
|                  | £              | £                  |
| <b>Members:</b>  |                |                    |
| WA McKee         | 48,897         | 47,938             |
| WE Samuel        | 36,732         | 36,012             |
| SJ Crouch        | 12,364         | 12,121             |
| G Hague          | 12,364         | 12,121             |
| TB Hipsey        | 12,364         | 12,121             |
| JG Kent          | 12,364         | 12,121             |
| R C Kerlake      | -              | 9,091 <sup>1</sup> |
| MJ Leigh-Pollitt | 12,364         | 12,121             |
| VD Liddiard      | 12,364         | 12,121             |
| CJ Paveley       | 12,364         | 12,121             |
| R Reynolds       | 12,364         | 3,030 <sup>1</sup> |
| D Sagar          | 12,364         | 12,121             |
| BR Stoneham      | 12,364         | 12,121             |
| GE Thomas        | 12,364         | 12,121             |
| <b>TOTALS</b>    | <b>221,633</b> | <b>217,281</b>     |

<sup>1</sup> Members' salaries were £12,364 for the whole year (£12,121 in 2007/08). Where reduced amounts are shown the members concerned were not in post throughout the year and their salaries were earned pro-rata to this figure.

No member of the Board accrued pension benefits during the year except the Chairman. Employers' pension contributions of £7,383 were accrued during the year and paid into a personal pension scheme in the name of the Chairman. Personal pension schemes are defined benefit-type schemes which do not accrue liabilities in respect of future benefits payable to scheme members. The disclosure provisions of Financial Reporting Standard (FRS) 17 therefore do not apply.

Salaries of the directors are shown in the following table. 'Salary' includes gross salary and performance-related bonus earned during the year. No benefits in kind were paid or payable during the year.

The Directors' bonus scheme provides for the payment of up to 10% of salary subject to the achievement of set objectives identified at the start of the year.

The Directors' contracts of employment provide for six month's notice by both employer and employee. The terms of any compensation for early termination of employment are determined by the Local Government Pension Scheme (LGPS) and depend upon the age and length of service of the employee at the point of termination.

| Directors:      |                                | 2008-09 | 2007-08 | Full Yr    |
|-----------------|--------------------------------|---------|---------|------------|
|                 |                                | Salary  | Salary  | Equivalent |
|                 |                                | £000s   | £000s   | £000s      |
| Niall Lindsay   | <i>Chief Executive Officer</i> | 145-150 | 135-140 |            |
| Sean O'Donnell  | <i>Director of Resources</i>   | 135-140 | 115-120 |            |
| Peter Bassett   | <i>Director of Planning</i>    | 130-135 | 110-115 |            |
| Tom Gardiner    | <i>Director of Delivery</i>    | 130-135 | 110-115 |            |
| Fiona Hardie    | <i>Director of Marketing</i>   | 130-135 | 100-105 |            |
| Juliet Sychrava | <i>Director of Marketing</i>   | 15-20*  | -       | 100-105    |

\* Denotes part year. Juliet Sychrava joined the Corporation on 2nd February 2009.

The Directors are entitled to join the LGPS along with all other members of staff on temporary and permanent contracts of employment.

The LGPS is a funded "final salary" pension scheme, meaning that the scheme's liabilities are backed by investment assets. The Corporation and its employees pay contributions into the fund at rates intended to meet the growth in pension liabilities over the longer term. The scheme is subjected to an independent, triennial valuation conducted by the scheme's actuaries. The main features of the scheme are outlined in Note 14 to the accounts.

The following table shows the accrued pension entitlements, Cash Equivalent Transfer Values and related information in respect of each of the Directors as at 31 March 2009. The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The figures shown represent the values that would be paid by the LGPS should the member leave and choose to transfer his or her accrued benefits into another pension scheme. The figures include amounts accrued as a result of the individual's total membership of the scheme, not just their service in the capacity to which the disclosure applies.

|   | Niall<br>Lindsay<br>£000's | Peter<br>Bassett<br>£000's | Tom<br>Gardiner<br>£000's | Sean<br>O'Donnell<br>£000's | Fiona<br>Hardie<br>£000's | Juliet<br>Sychrava<br>£000's |
|---|----------------------------|----------------------------|---------------------------|-----------------------------|---------------------------|------------------------------|
| Accrued pension as at 31 March 2009             | 5-10                       | 40-45                      | 30-35                     | 45-50                       | 5-10                      | 0-2.5                        |
| Accrued related lump sum                        | 15-20                      | 120-125                    | 85-90                     | 140-145                     | 18-20                     | -                            |
| Real increase in pension over the year          | 2.5-5                      | 7.5-10.0                   | 2.5-5.0                   | 10.0-12.5                   | 2.5-5.0                   | 0-2.5                        |
| Real increase in related lump sum over the year | 0-2.5                      | 20-25.0                    | 7.5-10.0                  | 25-30.0                     | 2.5-5.0                   | -                            |
| CETV at 31 March 2008                           | 71                         | 587                        | 333                       | 613                         | 62                        | -                            |
| CETV at 31 March 2009                           | 131                        | 1,028                      | 494                       | 1,024                       | 139                       | 3                            |
| Real Increase in CETV                           | 28                         | 187                        | 49                        | 207                         | 52                        | 2                            |

The real increase in pension and related lump sum figure represents the increase in the value of the pension over the year after taking into account the effect of inflation.

The real increase in the CETV figure represents the increase in the value of the CETV over the year after taking account of the effect of inflation, investment returns and contributions made by the member and by the employer.

The figures for members' salaries, directors' salaries and directors' pensions have been audited.

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and to the Board of the Thurrock Development Corporation

I certify that I have audited the financial statements of the Thurrock Development Corporation for the year ended 31 March 2009 under the Local Government, Planning and Land Act 1980. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

Respective responsibilities of the Thurrock Development Corporation Board, Accounting Officer and Auditor

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Local Government, Planning and Land Act 1980 and Secretary of State directions made thereunder. I report to you whether, in my opinion, the information, which comprises the 'General Information', 'The Board', 'Review of Principal Activities in 2008/09', and the 'Management Commentary', 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 Thurrock Development Corporation has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

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

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament and to the Board of the Thurrock Development Corporation

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 'Introduction', 'Statutory Background', 'Vision and Strategic Goals', 'Planning Policy Framework', 'Stakeholder Relationships' and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## Basis of audit opinions

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

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

## Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Local Government, Planning and Land Act 1980 and directions made thereunder by the Secretary of State, of the state of the Thurrock Development Corporation's affairs as at 31 March 2009 and of its net expenditure, recognised gains and losses, and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Local Government, Planning and Land Act 1980 and Secretary of State directions made thereunder; and
- information, which comprises the General Information, the Board, the Review of Principal Activities in 2008/09 and the Management Commentary included within the Annual Report, is consistent with the financial statements.

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.

Opinion on Regularity

I have no observations to make on these financial statements.

Report

Amyas C E Morse  
Comptroller and Auditor General  
National Audit Office, 151 Buckingham Palace Road, Victoria,  
London SW1W 9SS

# Financial Statements

## Group Income and Expenditure Account Year to 31 March

|   | Notes | 2008-09<br>£000 | 2007-08<br>£000 |
|---|-------|-----------------|-----------------|
| <b>Income</b>                                     |       |                 |                 |
| Other Operating Income                            | 2     | 1,603           | 1,423           |
| <b>Total Income</b>                               |       | <b>1,603</b>    | <b>1,423</b>    |
| <b>Expenditure</b>                                |       |                 |                 |
| Salaries and Wages                                | 3     | 2,851           | 3,107           |
| Grants Payable                                    | 4     | 2,193           | 1,038           |
| Other Administrative Expenditure                  | 5     | 2,052           | 1,636           |
| Programme Expenditure                             | 6     | 18,145          | 6,966           |
| <b>Total Expenditure</b>                          |       | <b>25,241</b>   | <b>12,747</b>   |
| <b>Net Operating Costs</b>                        |       | <b>(23,638)</b> | <b>(11,324)</b> |
| Interest Receivable                               | 7     | 152             | 119             |
| Notional Cost of Capital                          | 8     | (1,942)         | (956)           |
| Net Expenditure on Ordinary Activities before Tax |       | (25,428)        | (12,161)        |
| Taxation  |       | (136)           | (51)            |
| Net Expenditure on Ordinary Activities after Tax  |       | (25,564)        | (12,212)        |
| Reversal of Notional Cost of Capital              |       | 1,942           | 956             |
| Net Expenditure for the period                    |       | (23,622)        | (11,256)        |
| <b>Statement of Recognised Gains and Losses</b>   |       |                 |                 |
| Actuarial Loss on Pension Scheme Valuation        | 14    | (124)           | (454)           |

All activities derive from continuing operations.

The net expenditure for both the Corporation and the Group includes £11,950,000 representing the sum written off to income and expenditure for stock impairment arising from a revaluation of the Corporation's properties at 31st March 2009. The remaining net expenditure, after taking account of non cash costs such as stock impairment and depreciation, is not a loss but instead will be met in full by "grant-in-aid".

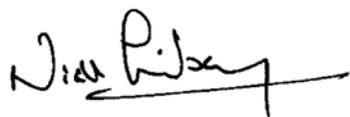
The notes on pages 40-54 form an integral part of these accounts.

## Group Balance Sheet (as at 31 March)

|  | Notes | 2008-09<br>£000s | 2007-08<br>£000 |
|--|-------|------------------|-----------------|
| <b>Fixed Assets</b>                        |       |                  |                 |
| Tangible Fixed Assets                      | 9     | 1,717            | 784             |
| Intangible Fixed Assets                    | 10    | 350              | 360             |
| <b>TOTALS</b>                              |       | <b>2,067</b>     | <b>1,144</b>    |
| <b>Current Assets</b>                      |       |                  |                 |
| Stocks                                     | 11    | 60,274           | 45,118          |
| Debtors & Prepayments                      | 12    | 2,750            | 1,581           |
| Cash at Bank and In Hand                   |       | 4,301            | 22,217          |
| <b>TOTALS</b>                              |       | <b>67,325</b>    | <b>68,916</b>   |
| <b>Creditors due within 1 Year</b>         |       |                  |                 |
| Trade & Other Creditors                    | 13    | 6,164            | 17,349          |
| Deferred Income                            |       | 113              | 50              |
| <b>TOTALS</b>                              |       | <b>6,277</b>     | <b>17,399</b>   |
| <b>Net Current Assets</b>                  |       | <b>61,048</b>    | <b>51,517</b>   |
| Pensions Liability                         | 14    | 1,250            | 1,071           |
| Provisions for liabilities and charges     | 15    | 1,476            | 543             |
| <b>Total Assets Less Total Liabilities</b> |       | <b>60,389</b>    | <b>51,047</b>   |
| <b>Reserves</b>                            |       |                  |                 |
| Pensions Reserve                           | 14    | (1,250)          | (1,071)         |
| Revaluation Reserve                        | 17    | 2,250            | -               |
| Income & Expenditure Account               | 16    | 59,389           | 52,118          |
| <b>Total Capital Employed</b>              |       | <b>60,389</b>    | <b>51,047</b>   |

The notes on pages 40-54 form an integral part of these accounts.

Approved on behalf of the Board on 2 July 2009 by



Chief Executive/Accounting Officer



Chairman

## Group Cash Flow Statement for the Year ended 31 March

|   | 2008-09<br>£000s         | 2007-08<br>£000s         |
|---|--------------------------|--------------------------|
| Net Cash Outflow from Operating Activities  | (47,590)                 | (37,525)                 |
| Return on investment and servicing of finance   |                          |                          |
| Interest receivable   | 152                      | 119                      |
| Taxation  | (51)                     | (14)                     |
| Capital Expenditure & Financial Investment  |                          |                          |
| Payments to acquire Fixed Assets:   |                          |                          |
| – Tangible  | (1,137)                  | (172)                    |
| – Intangible  | (183)                    | (288)                    |
| Sales proceeds on disposal of fixed assets  | –                        | 1                        |
| Net Cash Outflow before financing   | (48,809)                 | (37,879)                 |
| Grant in Aid Received   | 30,893                   | 59,710                   |
| Increase/(Decrease) in Cash   | (17,916)                 | 21,831                   |
| <b>Reconciliation of operating surplus/(deficit) to net cash inflow from operating activities</b> | <b>2008-09<br/>£000s</b> | <b>2007-08<br/>£000s</b> |
| Net Operating Expenditure for the Financial Year  | (23,638)                 | (11,324)                 |
| Depreciation  | 398                      | 350                      |
| Stock Impairment  | 11,950                   | –                        |
| Loss on disposal of fixed assets  | –                        | 19                       |
| Change in Debtors   | (1,169)                  | (458)                    |
| Change in Stocks  | (24,856)                 | (33,531)                 |
| Change in Creditors < 1 Year  | (11,271)                 | 6,826                    |
| Increase in provisions  | 933                      | 543                      |
| Change in Deferred Income   | 63                       | 50                       |
| Net Cash Outflow from Operating Activities  | <u>(47,590)</u>          | <u>(37,525)</u>          |

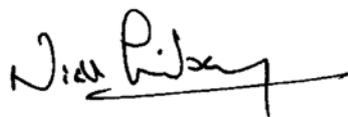
The notes on pages 40-54 form an integral part of these accounts.

## Corporation Balance Sheet (as at 31 March)

|  | Notes | 2008-09<br>£000s | 2007-08<br>£000 |
|--|-------|------------------|-----------------|
| <b>Fixed Assets</b>                        |       |                  |                 |
| Tangible Fixed Assets                      | 9     | 717              | 784             |
| Intangible Fixed Assets                    | 10    | 350              | 360             |
| <b>TOTALS</b>                              |       | <b>1,067</b>     | <b>1,144</b>    |
| <b>Current Assets</b>                      |       |                  |                 |
| Stocks                                     | 11    | 60,274           | 45,118          |
| Debtors & Prepayments                      | 12    | 2,654            | 1,581           |
| Cash at Bank and In Hand                   |       | 4,280            | 22,217          |
| <b>TOTALS</b>                              |       | <b>67,208</b>    | <b>68,916</b>   |
| <b>Creditors due within 1 Year</b>         |       |                  |                 |
| Trade & Other Creditors                    | 13    | 6,113            | 17,349          |
| Deferred Income                            |       | 113              | 50              |
| <b>TOTALS</b>                              |       | <b>6,226</b>     | <b>17,399</b>   |
| <b>Net Current Assets</b>                  |       | <b>60,982</b>    | <b>51,517</b>   |
| Pensions Liability                         | 14    | 1,250            | 1,071           |
| Provisions for liabilities and charges     | 15    | 476              | 543             |
| <b>Total Assets Less Total Liabilities</b> |       | <b>60,323</b>    | <b>51,047</b>   |
| <b>Reserves</b>                            |       |                  |                 |
| Pensions Reserve                           | 14    | (1,250)          | (1,071)         |
| Revaluation Reserve                        | 17    | 2,250            | -               |
| Income & Expenditure Account               | 16    | 59,323           | 52,118          |
| <b>Total Capital Employed</b>              |       | <b>60,323</b>    | <b>51,047</b>   |

The notes on pages 40-54 form an integral part of these accounts.

Approved on behalf of the Board on 2 July 2009 by



Chief Executive/Accounting Officer



Chairman

These notes cover both the Group and the Corporation. Where only one set of figures is shown in a note it is because the figures are the same for both the Group and the Corporation. There is no group comparative column as the Group was set up in 2008-09.

## 1. Accounting Policies

### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified where material to account for the revaluation of fixed assets at their value to the business by reference to their current cost.

### 1.2 Basis of Accounting and consolidation

The financial statements of the Corporation have been prepared in accordance with the Government Financial Reporting Manual (FReM) and the accounts direction issued by the Secretary of State with the approval of HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies to the extent that it is meaningful and appropriate to the public sector.

High House Production Park Limited (HHPP) is a wholly owned subsidiary set up by Thurrock Thames Gateway Development Corporation (the Corporation). It is a company limited by guarantee, with a Certificate of Incorporation dated 28th August 2008. The company was registered at Companies House on 30th October 2008, thus 2008/09 represents the first year of trading for the company.

The company forms the landholding entity for a project entitled the Royal Opera House Production Park that will ultimately comprise a campus consisting of the Royal Opera House (ROH) Production Facility, a training/educational facility run by the National Skills Academy, a number of artists' studios and warehouse/office space for small and medium sized enterprises operating in fields related to the cultural sector. The Corporation is a short life entity, but it is envisaged that the HHPP will continue over the life of the campus.

The Corporation has no monetary investment in the company.

### 1.3 Tangible Fixed Assets

Tangible Fixed Assets except for Land and Buildings are valued at depreciated historic cost unless there is a material difference between depreciated historic cost and depreciated replacement cost in which case the latter basis of valuation is incorporated in the accounts. In 2008/09 the Directors decided that there was no material difference between the two bases of valuation and accordingly all assets were valued at depreciated historic cost.

Concerning Land and Buildings, the buildings element is depreciated using the depreciated replacement cost method over an expected life of 50 years. The land element is not depreciated but is instead valued at replacement cost at the balance sheet date.



It is the Corporation's policy to capitalise individual items with a cost of £2,500 or more, and groups of items with a cost of £5,000 or more in aggregate. Individual items below this value are expended in the Income & Expenditure Account during the period when purchased.

#### **1.4 Intangible Fixed Assets**

Purchased computer software licences, software development and the associated costs of implementation are capitalised as intangible fixed assets where expenditure of £2,500 or more is incurred. Software development is capitalised where it results in an enhancement to the value of the asset. Software licences and software development are amortised over the useful economic life of the licence unless the term of the licence is shorter.

#### **1.5 Depreciation**

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

- Leasehold Improvements – over the life of the lease
- Fixtures & Fittings – 5 years
- Office Equipment – 4 years
- Information Technology Equipment, Software Licences and Development – 3 years

Land is not depreciated.

#### **1.6 Government Grants**

The Corporation's activities are funded primarily by way of grant-in-aid provided by the Corporation's sponsor, CLG. Grants received from other sources are disclosed as Other Operating Income - see Note 2 to the accounts.

#### **1.7 Cost of Capital**

The Corporation is required to charge a notional cost of capital charge against the Income & Expenditure Account to ensure it bears an appropriate charge for the use of capital in the business in the year. The charge is set at a rate of 3.5% applied to the value of total assets less total liabilities (2007/08: 3.5%).

#### **1.8 Stocks**

Land and buildings purchased for resale are treated as stock in the accounts and are held at the lower of estimated replacement cost and estimated net realisable value. These holdings are formally revalued every three years by independent chartered surveyors and in the intervening years values are reviewed by independent chartered surveyors for material changes.

### **1.9 Pensions**

Corporation staff are entitled to join the Local Government Pension Scheme (LGPS) which is administered on the Corporation's behalf by Essex County Council. The scheme is subjected to a triennial actuarial valuation. Pension costs are accounted for in accordance with Accounting Standard FRS 17 "Retirement Benefits" as disclosed in Note 14.

### **1.10 Leases**

The total cost of operating lease rentals is charged to the Income & Expenditure Account over the period of the lease on a straight line basis. There are no finance leases.

### **1.11 Value Added Tax**

The Corporation's activities comprise those which are fully VAT-recoverable, those which are partially VAT-recoverable, those which are exempt from VAT and those which are outside the scope of VAT. Where output tax is charged or input tax is recoverable the amounts are stated net of VAT. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

### **1.12 Corporation Tax**

Corporation Tax is provided in full on surpluses arising from the Corporation's trading activities. In 2008/09 this activity comprised rental income arising incidentally from land and buildings acquired with the primary purpose of furthering the Corporation's regeneration agenda.

### **1.13 Deferred Taxation**

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities have not been discounted.

## 2. Other Operating Income

Other Operating Income from activities comprises:

|                      | Group<br>2008-09<br>£000s | Corporation<br>2008-09<br>£000s | Corporation<br>2007-08<br>£000s |
|----------------------|---------------------------|---------------------------------|---------------------------------|
| Planning Fees Income | 353                       | 353                             | 382                             |
| Rent Income          | 652                       | 652                             | 302                             |
| Other Income         | 598                       | 183                             | 739                             |
| <b>Totals</b>        | <b>1,603</b>              | <b>1,188</b>                    | <b>1,423</b>                    |

Planning Fees income includes £10,000 being previously deferred Planning Grant received in 2007-08 utilised in the year ending 31 March 2009.

Other Operating Income in the year includes grant contributions from East of England Development Agency (£415,000) in respect of preliminary work on the High House Site.

## 3. Staff Costs and Numbers

|                       | Employed<br>Staff<br>£000s | Interim<br>Staff<br>£000s | 2008-09<br>Total<br>£000s | 2007-08<br>Total<br>£000s |
|-----------------------|----------------------------|---------------------------|---------------------------|---------------------------|
| Salaries and Wages    |                            |                           |                           |                           |
| Salaries/Fees         | 2,255                      | 157                       | 2,412                     | 2,132                     |
| Social Security Costs | 222                        | –                         | 222                       | 186                       |
| Pension Costs         | 217                        | –                         | 217                       | 789                       |
| <b>Totals</b>         | <b>2,694</b>               | <b>157</b>                | <b>2,851</b>              | <b>3,107</b>              |

No loans were advanced to any employee during the year (2007/08 - £Nil).

No staff costs were capitalised during the year (2007/08 - £Nil).

## Notes to the Accounts

Average numbers of staff employed during the year were:

| Staff Numbers<br>(Full Time Equivalent) | Employed<br>Staff | Contractors | 2008-09<br>Totals | 2007-08<br>Totals |
|---|-------------------|-------------|-------------------|-------------------|
| Executive                               | 5                 | –           | 5                 | 5                 |
| Executive Support                       | 5                 | –           | 5                 | 5                 |
| Resources                               | 9                 | 1           | 10                | 9                 |
| Planning                                | 10                | –           | 10                | 8                 |
| Delivery                                | 10                | 3           | 13                | 7                 |
| Marketing                               | 1                 | –           | 1                 | 1                 |
| <b>Totals</b>                           | <b>40</b>         | <b>4</b>    | <b>44</b>         | <b>35</b>         |
| <b>Board Members*</b>                   | <b>13</b>         | <b>–</b>    | <b>13</b>         | <b>13</b>         |

\*Board members' commitment is to work 2 days per week (Chair and Deputy Chair) or 3 days per month (other members). At the year end there were 13 members of the Board.

### 4. Grants Payable

During the year grants were paid to 48 (2007/08 – 48) third parties in respect of projects which were deemed to meet the Corporation's strategic objectives for the regeneration of Thurrock, as follows:

|                            | Group<br>2008-09<br>£000s | Corporation<br>2008-09<br>£000s | Corporation<br>2007-08<br>£000s |
|----------------------------|---------------------------|---------------------------------|---------------------------------|
| Grants to Voluntary Sector | 945                       | 945                             | 1,038                           |
| Grants to Public Sector    | 1,248                     | 2,248                           | –                               |
| <b>Totals</b>              | <b>2,193</b>              | <b>3,193</b>                    | <b>1,038</b>                    |

At 31 March 2009 the Corporation had £1,700,000 in grant commitments not yet paid to third parties.

## 5. Other Administrative Expenditure

Other administrative expenditure incurred during the year comprised:

|                      | Group<br>2008-09<br>£000s | Corporation<br>2008-09<br>£000s | Corporation<br>2007-08<br>£000s |
|----------------------|---------------------------|---------------------------------|---------------------------------|
| IT Costs             | 532                       | 532                             | 426                             |
| Office Costs         | 619                       | 550                             | 443                             |
| Professional Costs   | 611                       | 595                             | 608                             |
| Staff Recruitment    | 167                       | 144                             | 38                              |
| Staff Training       | 62                        | 62                              | 63                              |
| Travel & Subsistence | 50                        | 50                              | 45                              |
| Other Costs          | 11                        | 11                              | 13                              |
| <b>Totals</b>        | <b>2,052</b>              | <b>1,944</b>                    | <b>1,636</b>                    |

Net Expenditure is arrived at after charging:

|                          | Group<br>2008-09<br>£000s | Corporation<br>2008-09<br>£000s | Corporation<br>2007-08<br>£000s |
|--------------------------|---------------------------|---------------------------------|---------------------------------|
| Auditors Remuneration    |                           |                                 |                                 |
| – Statutory Accounts     | 22                        | 22                              | 20                              |
| – Grant Certification    | 3                         | 3                               | –                               |
| – IFRS Transition Audit  | 3                         | 3                               | –                               |
| – Company Audit          | 4                         | –                               | –                               |
| Depreciation             | 398                       | 398                             | 350                             |
| Operating Lease Rentals: |                           |                                 |                                 |
| – Head Office Rent       | 129                       | 129                             | 136                             |
| – Vehicles               | 12                        | 12                              | 12                              |
| – Office Equipment       | 7                         | 7                               | –                               |

## 6. Programme Expenditure

Programme expenditure comprises expenditure incurred directly in pursuit of the Corporation's objectives. During the year programme expenditure comprised the following:

|                                     | Group<br>2008-09<br>£000s | Corporation<br>2008-09<br>£000s | Corporation<br>2007-08<br>£000s |
|-------------------------------------|---------------------------|---------------------------------|---------------------------------|
| Consultancy Costs                   | 696                       | 104                             | 1,078                           |
| Exhibitions & Sponsorship           | 87                        | 87                              | 119                             |
| Legal & Professional                | 3,943                     | 3,317                           | 4,131                           |
| Stock Impairment                    | 11,950                    | 11,950                          | –                               |
| Strategies & Studies                | 367                       | 366                             | 71                              |
| Other Marketing Costs               | 249                       | 229                             | 31                              |
| Plans & Master Plans                | 790                       | 790                             | 1,035                           |
| Public Consultation                 | 16                        | 16                              | 312                             |
| Publicity Materials                 | 4                         | 2                               | 156                             |
| Subscriptions to Partnership Bodies | 43                        | 43                              | 33                              |
| <b>Totals</b>                       | <b>18,145</b>             | <b>16,904</b>                   | <b>6,966</b>                    |

Legal and Professional Costs include Stamp Duty Land Tax (SDLT) of £1,151,495 (2007/08 £1,461,000). This has been written off to the Income and Expenditure account as required by the Accounts Direction of the Corporation.

The Corporation has revalued its Stock in line with its Accounting Policies. The revaluation report has identified stock impairment for nine different sites. The full amount of impairment has been written off to the income and expenditure account.

## 7. Interest Receivable

Interest receivable relates to bank interest earned on overnight and other short-term deposit accounts.

## 8. Notional Cost of Capital

The notional cost of capital is charged at 3.5% (2007/08: 3.5%) on the average of total assets less total liabilities during the year.

## 9. Tangible Fixed Assets

|                                 | Leasehold<br>Improvements<br>£000s | Fixtures<br>& Fittings<br>£000s | Office<br>Equipment<br>£000s | IT<br>Equipment<br>£000s | CORPORATION<br>TOTAL<br>£000s | Land &<br>Buildings<br>£000s | GROUP<br>TOTAL<br>£000s |
|---------------------------------|------------------------------------|---------------------------------|------------------------------|--------------------------|-------------------------------|------------------------------|-------------------------|
| Cost at<br>1 April 2008         | 708                                | 172                             | 59                           | 294                      | 1,233                         | –                            | 1,233                   |
| Additions in<br>the Year        | 41                                 | 7                               | –                            | 90                       | 138                           | 1,000                        | 1,138                   |
| At 31 March 2009                | 749                                | 179                             | 59                           | 384                      | 1,371                         | 1,000                        | 2,371                   |
| Depreciation at<br>1 April 2008 | 161                                | 74                              | 38                           | 176                      | 449                           | –                            | 449                     |
| Charge for the<br>Year          | 74                                 | 35                              | 15                           | 81                       | 205                           | –                            | 205                     |
| At 31 March 2009                | 235                                | 109                             | 53                           | 257                      | 654                           | –                            | 654                     |
| Net Book Value                  |                                    |                                 |                              |                          |                               |                              |                         |
| At 31 March 2008                | 547                                | 98                              | 21                           | 118                      | 784                           | –                            | 784                     |
| At 31 March 2009                | 514                                | 70                              | 6                            | 127                      | 717                           | 1,000                        | 1,717                   |

## 10. Intangible Fixed Assets

|                              | Software<br>Licences<br>£000s | Software<br>Development<br>£000s | Assets Under<br>Construction<br>£000s | TOTALS<br>£000s |
|------------------------------|-------------------------------|----------------------------------|---------------------------------------|-----------------|
| Cost at 1 April 2008         | 345                           | 218                              | –                                     | 563             |
| Additions in the Year        | 76                            | 25                               | 82                                    | 183             |
| At 31 March 2009             | 421                           | 243                              | 82                                    | 746             |
| Amortisation at 1 April 2008 | 169                           | 34                               | –                                     | 203             |
| Charge for the Year          | 116                           | 77                               | –                                     | 193             |
| At 31 March 2009             | 285                           | 111                              | –                                     | 396             |
| Net Book Value               |                               |                                  |                                       |                 |
| At 31 March 2008             | 176                           | 184                              | –                                     | 360             |
| At 31 March 2009             | 136                           | 132                              | 82                                    | 350             |

## 11. Stocks

Stocks comprise land and buildings acquired for the purpose of land assembly, remediation and subsequent resale. To comply with the terms of the Accounts Direction determined by CLG acquisition costs of £3,468,148 were written off during the year and are included in Legal & Professional costs. The total cost of land acquired net of these costs was £24,856,000. The Corporation's stock due for a formal revaluation has been revalued. The Valuation report from the Independent Chartered Surveyors reports stock impairment for nine sites and an increase in value for one of the sites valued.

|                           | 2008-09<br>£000s | 2007-08<br>£000s |
|---------------------------|------------------|------------------|
| Cost/Valuation at 1 April | 45,118           | 11,587           |
| Additions in Year         | 24,856           | 33,531           |
| Stock Impairment          | (11,950)         | –                |
| Revaluation               | 2,250            | –                |
| <b>At 31 March 2008</b>   | <b>60,274</b>    | <b>45,118</b>    |

## 12. Debtors

|               | Group<br>2008-09<br>£000s | Corporation<br>2008-09<br>£000s | Corporation<br>2007-08<br>£000s |
|---------------|---------------------------|---------------------------------|---------------------------------|
| Other Debtors | 2,581                     | 2,485                           | 1,460                           |
| Prepayments   | 169                       | 169                             | 121                             |
| <b>Totals</b> | <b>2,750</b>              | <b>2,654</b>                    | <b>1,581</b>                    |

### **Intra-Government Balances**

|   |              |              |              |
|---|--------------|--------------|--------------|
| Balances with Central Government bodies | 1,794        | 1,794        | 1,424        |
| Balances with Local Authorities         | 150          | 150          | –            |
| Balances with non-Government bodies     | 806          | 710          | 157          |
| <b>Totals</b>                           | <b>2,750</b> | <b>2,654</b> | <b>1,581</b> |

Other Debtors includes an amount of £1,736,544 due in recoverable VAT from HM Revenue & Customs (2007/08 £1,323,000).

No debts were provided for or written off during the period (2007/08 - £Nil).

### 13. Creditors due within one year

|                             | Group<br>2008-09<br>£000s | Corporation<br>2008-09<br>£000s | Corporation<br>2007-08<br>£000s |
|-----------------------------|---------------------------|---------------------------------|---------------------------------|
| Trade & Other Creditors     | 3,762                     | 3,762                           | 1,543                           |
| Other Tax & Social Security | 283                       | 234                             | 139                             |
| Accruals                    | 2,119                     | 2,117                           | 15,667                          |
| <b>Totals</b>               | <b>6,164</b>              | <b>6,113</b>                    | <b>17,349</b>                   |

#### **Intra-Government Balances**

|   |              |              |               |
|---|--------------|--------------|---------------|
| Balances with Central Government bodies | 2,687        | 2,685        | 420           |
| Balances with Local Authorities         | 622          | 573          | 319           |
| Balances with non-Government bodies     | 2,855        | 2,855        | 16,610        |
| <b>Totals</b>                           | <b>6,164</b> | <b>6,113</b> | <b>17,349</b> |

### 14. Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a “final salary” pension scheme, meaning that benefits are normally based upon the salaries achieved in the last year of active service of members before retirement. In order to fund current and future benefits it is necessary to build a portfolio of investments and to compare investment performance over time with current and estimated future calls made upon those investments to ensure schemes remain fully funded throughout the lives of the membership.

The Corporation is a “scheduled” ie admitted body to the Essex County Council LGPS, which administers the scheme on its behalf and appoints independent actuaries to calculate the required total contribution rates.

In 2008-09 employer’s contributions amounting to £217,251 were made on behalf of participating employees at a contribution rate of 12.60% of gross salaries exclusive of bonus (2007-08: £120,393 at a contribution rate of 10.32%). Total pension costs charged to the Income & Expenditure Account amounted to £225,635 (2007-08 £145,946 ) which included payments made to defined contribution schemes on behalf of certain employees not eligible for entry to the LGPS.

As required by FRS 17 the following table shows the difference between the amounts charged to the Income & Expenditure Account and the actuarially calculated operating cost of providing retirement benefits during the year:

| Operating & Finance Costs      | 2008-09<br>£000s | 2007-08<br>£000s |
|--------------------------------|------------------|------------------|
| Current Service Costs          | (319)            | (200)            |
| Past Service Gain              | –                | (52)             |
| Operating Loss                 | (319)            | (252)            |
| Expected Return on Assets      | 179              | 156              |
| Interest on Scheme Liabilities | (230)            | (157)            |
| Net Finance Gain               | (51)             | (1)              |
| <b>Net Revenue Cost</b>        | <b>(370)</b>     | <b>(253)</b>     |

The Pension Liability and Pension Reserve Accounts in the balance sheet show the difference between the actual cost of pensions payable and the expected future liabilities and assets calculated by the actuary on the basis of existing assumptions in accordance with FRS 17. In practice before these balances crystallise any net liability will be made good by increased employer contributions over the remaining working lives of the employees.

The following information reflects the position of the scheme as at 31 March 2009 as outlined by the disclosure requirements of FRS 17:

| Split of assets between<br>investment categories | At 31 March 2009 |       | At 31 March 2008 |       |
|--|------------------|-------|------------------|-------|
|  | £000s            | %     | £000s            | %     |
| Equities   | 1,812            | 74.5% | 1,684            | 70.2% |
| Government Bonds                                 | 211              | 8.7%  | 226              | 9.4%  |
| Other Bonds                                      | 129              | 5.3%  | 158              | 6.6%  |
| Property   | 238              | 9.8%  | 257              | 10.7% |
| Cash/Liquid Assets                               | 41               | 1.7%  | 74               | 3.1%  |
| Other  | –                |       | –                |       |
| Total assets                                     | 2,431            |       | 2,399            |       |
| Liabilities                                      | (3,681)          |       | (3,470)          |       |
| <b>(Deficit)</b>                                 | <b>(1,250)</b>   |       | <b>(1,071)</b>   |       |

The movement in the net pension liability for the year ended 31 March 2009 is as follows:

|                                       | 2008-09<br>£000s |
|---------------------------------------|------------------|
| Net Liability as at 1 April 2008      | (1,071)          |
| Current Service Cost                  | (319)            |
| Employer Contributions                | 317              |
| Past Service Settlement Gain          | (52)             |
| Net Return on Assets                  | (1)              |
| Actuarial Loss                        | (124)            |
| <b>Net Liability at 31 March 2009</b> | <b>(1,250)</b>   |

The actuarial loss shown in the above table arises from the following differences:

|   | 2008-09<br>£000s |
|---|------------------|
| Actuarial Loss  |                  |
| Differences between actual and expected returns on assets                     | (124)            |
| Differences between actuarial assumptions and experience                      | –                |
| Changes in demographic and financial assumptions used to estimate liabilities | (124)            |

The assumptions used by the actuary in valuing the scheme are as follows:

| Financial Assumptions                 | 2008-09 | 2007-08 |
|---------------------------------------|---------|---------|
| Rate of inflation                     | 3.3%    | 3.6%    |
| Rate of increase in salaries          | 4.8%    | 5.1%    |
| Rate of Increase in pensions          | 3.3%    | 3.6%    |
| Discount rate                         | 7.1%    | 6.1%    |
| <br>Expected rate of return on assets |         |         |
| Equities                              | 7.5%    | 7.5%    |
| Government Bonds                      | 4.0%    | 4.7%    |
| Other Bonds                           | 6.0%    | 6.1%    |
| Property                              | 6.5%    | 6.5%    |
| Cash/Liquidity                        | 0.5%    | 5.3%    |
| Other                                 | 7.5%    | –       |

15. Provisions, Liabilities and Charges

Provisions, liabilities and charges include a provision for costs of £133,000 in the case of a conservation body which had been granted leave to appeal to the House of Lords over an earlier judgement in favour of the Corporation. The case involved a planning decision reached by the Corporation in 2005/06. The House of Lords ruled in favour of the Corporation. However, although the body has no further right to appeal in the UK, it still has the option to appeal to the European Court of Justice. Provisions, liabilities and charges also include a provision for £343,000 in relation to the past service deficit of the Corporation's pension scheme.

A £1,000,000 provision has been made as High House Production Park has an obligation to transfer to Thurrock Council a site of equivalent value to the site acquired from it on the 27th March 2009.

|                                 | Group Total | Group Liability to Thurrock Council | Corporation Pension Deficit | Planning Legal Case | Total |
|---------------------------------|-------------|-------------------------------------|-----------------------------|---------------------|-------|
| Balance b/f as at 1 April 2008  | 543         | –                                   | 343                         | 200                 | 543   |
| Arising during year             | 1,000       | 1,000                               | –                           | –                   | –     |
| Utilised during the year        | (67)        | –                                   | –                           | (67)                | (67)  |
| Balance c/f as at 31 March 2009 | 1,476       | 1,000                               | 343                         | 133                 | 476   |

16. Income & Expenditure Account

|                       | Group £000 | Corporation £000 |
|-----------------------|------------|------------------|
| At 31 March 2008      | 52,118     | 52,118           |
| Deficit for the Year  | (23,622)   | (23,688)         |
| Grant in Aid Received | 30,893     | 30,893           |
| At 31 March 2009      | 59,389     | 59,323           |

There were no losses or 'special payments' as defined within the Corporation's Accounts Direction, made or incurred during the year.

## 17. Revaluation Reserve

Under the Corporation's accounting policies its stocks are formally revalued every three years. This triennial revaluation fell due at 31st March 2009 and the sites treated as stocks were duly revalued. While the Valuation Report from the Independent Chartered Surveyors found most sites had fallen in value, one site had appreciated in value by £2,250,000.

## 18. Operating Leases

As at 31 March 2009 the Corporation had annual commitments under operating leases as follows:

| Leases Expiring:              | Vehicles<br>£000s | Office<br>Equipment<br>£000s | Head Office<br>£000s | 2008/09<br>TOTALS<br>£000s | 2007/08<br>TOTALS<br>£000s |
|-------------------------------|-------------------|------------------------------|----------------------|----------------------------|----------------------------|
| Within one year               | 7                 | –                            | –                    | 7                          | 8                          |
| Between one and<br>five years | –                 | –                            | –                    | –                          | –                          |
| In over five years            | –                 | 12                           | 136                  | 148                        | 136                        |
|                               | 7                 | 12                           | 136                  | 155                        | 144                        |

Rental costs of operating leases are charged to the Income & Expenditure Account on a straight line basis over the term of the leases.

## 19. Contingent Liabilities

There are no contingent liabilities at the balance sheet date (2007/08 - £Nil).

## 20. Capital Commitments

There were no capital commitments at 31 March 2009 (2007/08 £6,133,750).

## 21. Financial Instruments

Under Treasury Guidance, the provisions of Financial Reporting Standard 13, 25, 26 and 29 are deemed to apply to the Corporation. Under those provisions disclosures are required in respect of the financial instruments (financial assets and financial liabilities) maintained by the Corporation, the risks associated with them and the Corporation's approach to that risk.

All Financial assets and liabilities are recognised and valued in the balance sheet at fair value.

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

At the balance sheet date cash balances were £4,301,000 (2007/08 £22,217,000). Cash not required for immediate use and cash belonging to third parties is placed on deposit. The Corporation has no borrowings and relies primarily on departmental grants for its cash requirements, and is therefore not exposed to liquidity risks. It also has no material deposits and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate risk or currency risk.

Not included in Fixed Assets is an amount of £9,000,000 which represents the Corporation's investment in a joint venture with Family Mosaic Housing Ltd and East of England Development Agency in respect of a site at Wouldham Road, South Stifford in Thurrock. The Corporation contributed a sum of £9,000,000 towards the purchase of the site which was valued at £23,000,000. This contribution was written off in the year of purchase.

The amount receivable by the Corporation depends upon the proceeds from the ultimate sale of the site. In view of the current uncertainty in the property market the Corporation does not feel that it is prudent to include this asset in the accounts as of the balance sheet date. If the Corporation's interest in the site had been recorded on the balance sheet as at 31 March 2009 it would have been treated as a financial instrument.

### 22. Related Party Transactions

The Corporation is a Non-Departmental Public Body sponsored by CLG. CLG is regarded as a related party, as are other entities that it sponsors.

No Board Member or key management staff or other related parties have undertaken any material transactions with the Corporation during the period.

As outlined in Note 14 to the accounts, the Corporation is a "scheduled" (admitted) body to the Local Government Pension Scheme (LGPS). The LGPS exists for the benefit of its members and as such is deemed to be a related party under the terms of the Corporation's accounts direction and FRS 8.

The High House Production Park Limited (HHPP) is a wholly owned subsidiary set up by the Thurrock Thames Gateway Development Corporation (the Corporation). It is a company limited by guarantee with a Certificate of Incorporation dated 28th August 2008. The company was registered at Companies House on 30th October 2008. Thus 2008/09 represents the first year of trading for the company.

During the year the Corporation provided a £1,000,000 grant to High House Production Park. At the end of the Year High House Production Park owed the Corporation a net amount of £213,818, being the difference between the invoices paid by the Corporation on behalf of High House Production Park Ltd and the Grant provided to the Company but not remitted as at the 31 March 2009. The amount of £213,818 is disclosed as a debtor in the Corporation's balance sheet.

### 23. Post Balance Sheet Events

The date on which the accounts were authorised for issue is 6 July 2009.

**Accounts Direction given by the First Secretary of State with the consent of the Treasury, in accordance with Paragraph 10(3) Of Schedule 31 to the Local Government, Planning and Land Act 1980**

1. The annual accounts of Thurrock Thames Gateway Development Corporation (hereafter in this accounts direction referred to as “the Corporation”) 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 2006/07 and for 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 Corporation 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 and accounting standards and also gives any exceptions to standard Treasury requirements. Additional disclosure requirements of the Secretary of State and further explanation of Treasury requirements are set out in Schedule 2.
3. This direction shall be reproduced as an appendix to the annual accounts.
4. This direction replaces all previously issued directions.

Signed by authority of the Secretary of State



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

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

1. The notes to the annual accounts
  - (a) an analysis of grants from:
    - (i) government departments
    - (ii) European Community funds
    - (iii) other sources identified as to each source
  - (b) an analysis 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 Corporation, 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 Corporation
- II on secondment or loan to the Corporation
- III agency or temporary staff
- IV employee costs that have been capitalised)

- (e) an analysis of liquid resources, as defined by accounting standards
- (f) in the note on debtors, prepayments and payments on account shall each be identified separately
- (g) a statement of debts written off and movements in provisions for bad and doubtful debts
- (h) a statement of losses and special payments during the year, being transactions of a type which Parliament cannot be supposed to have contemplated. Disclosure shall be made of the total of losses and special payments if this exceeds £250,000, with separate disclosure and particulars of any individual amounts in excess of £250,000. Disclosure shall also be made of any loss or special payment of £250,000 and below if it is considered material in the context of the Corporation'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 Corporation), between the Corporation 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 Corporation by each individual board member or key manager
  - (iii) the following are related parties:
    - (1) subsidiary and associate companies of the Corporation
    - (2) pensions funds for the benefit of employees of the Corporation 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 Corporation
    - (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 Corporation.

For the purposes of this sub-paragraph:

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

\*Note to paragraph 1(i) of Schedule 2:  
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  
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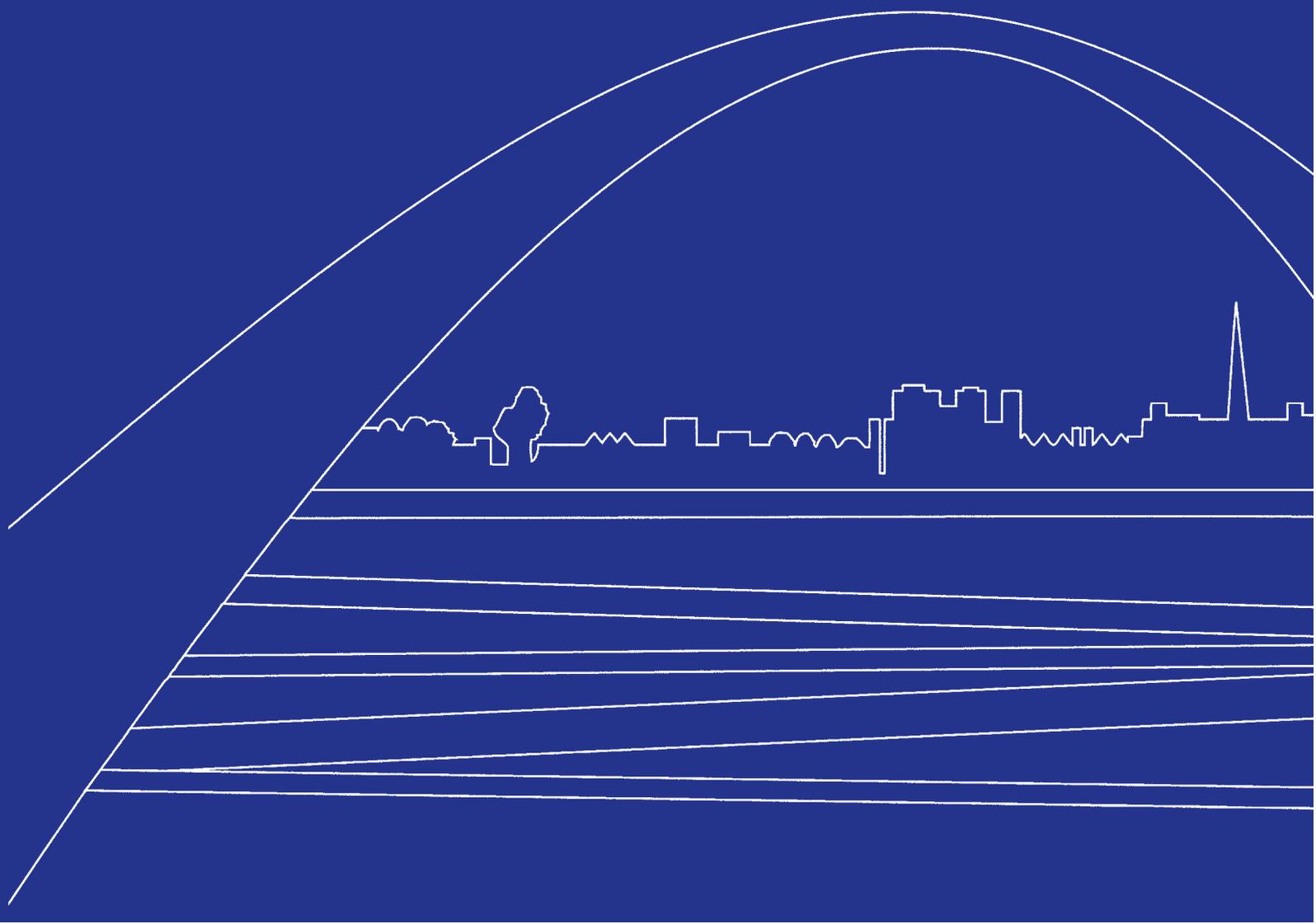
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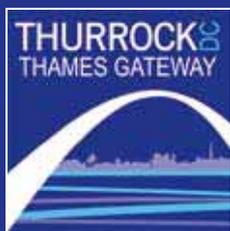
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