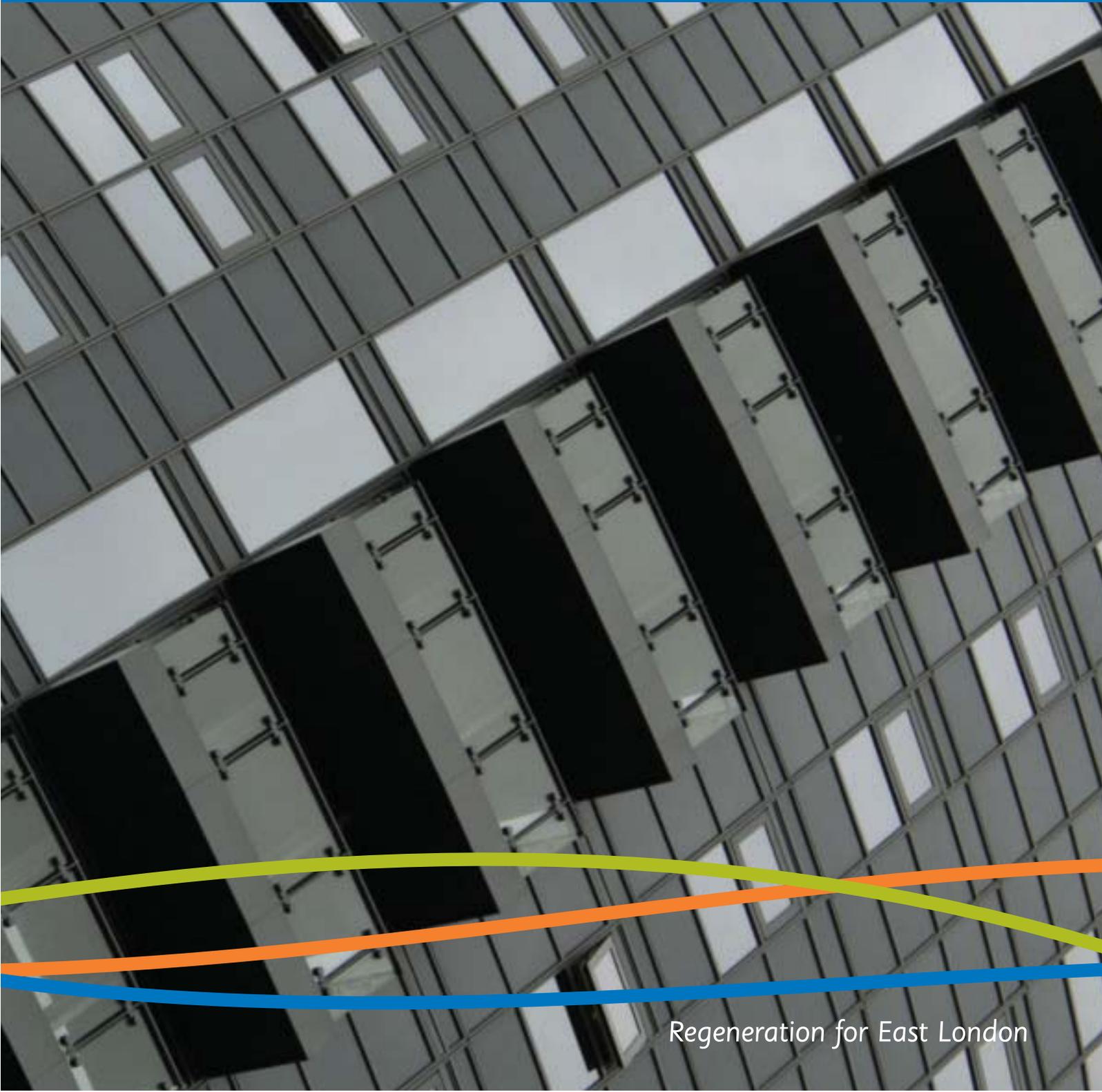
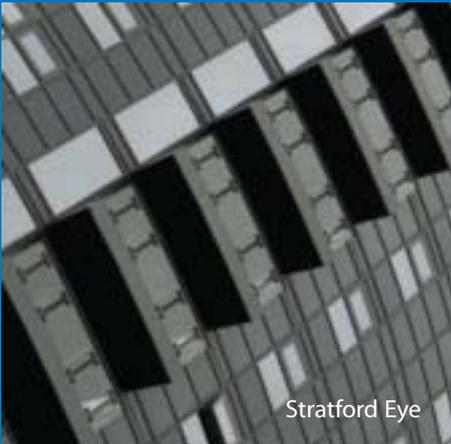


Annual Report and Accounts 2007–2008



Regeneration for East London



Stratford Eye

London Thames Gateway Development Corporation

Annual Report & Accounts 2007/08

Financial Accounts for the year ended 31 March 2008

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

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CONTENTS

London Thames Gateway Development Corporation Annual Report and Accounts 2007/08

1 Annual Report

Foreword by Chairman	2
Chief Executive's Report	4
Background Information	15
Corporate Governance	16

2 Management Commentary

Format of the Financial Statements	18
Responsibilities of the Accounting Officer	18
Employee Relations	18
Better Payment Practice Code	18
Open Government and Freedom of Information	19
Sustainable Development Policy	19
Register of Interests	19
Auditors	19

3 Remuneration Report

4 Accounting Officer's Statement on Internal Control

5 Audit Certificate

6 Financial Statements

FOREWORD



It is a privilege to lead a Board of such quality and experience, ably supported by a strong executive team. Forthcoming challenges are significant. I am confident we have the team to do east London proud.

I concluded my foreword to our last Annual Report by remarking that “forthcoming challenges are significant”. One year on, London Thames Gateway Development Corporation (LTGDC) has demonstrated its ability to rise to the challenges of regenerating east London; our significant interventions to accelerate the delivery of homes and jobs are beginning to bear fruit.

Building on the successful completion of Regeneration Frameworks for the Lower Lea Valley and London Riverside, we now have robust masterplans and development briefs in place for key locations. This has enabled LTGDC to engage productively with private sector partners to secure much needed investment.

Our strong leadership in areas of land assembly, partnership development, and positive planning has been broadly welcomed, and is producing results and continues to reward the Government’s forward thinking in establishing us as a special purpose vehicle just four years ago.

In the period leading up to the Games in 2012, our leadership and co-ordination role has heightened emphasis, as we plan for the legacy from this ‘once in a lifetime’ international focus on east London. There is so much to look forward to, and such great opportunities for LTGDC and its partners to maximise the long term benefits for the communities of the surrounding areas. I am excited about how our area will look and feel in just a few years time.

Indeed securing long lasting benefits for existing and new communities in east London is our core objective. The Chief Executive goes into some detail in his report about how we are going about this; I want to emphasise the Board’s commitment to promoting good quality, well-designed, sustainable developments, securing excellent public services, and expanding training and employment opportunities.

To achieve our objectives we continue to enjoy the enthusiastic support of our sponsor, Communities and Local Government (CLG). CLG’s funding of our Corporate Plan 2008/9 to 2010/11 is enabling us to continue to demonstrate just what can be achieved in very challenging areas with the right approach and adequate resources.

In the last year I have been delighted to welcome onto our Board Stan Hornagold, a Project Manager and Chartered Quantity Surveyor with 30 years experience in private sector and public sector projects.

It is a privilege to lead a Board of such quality and experience, ably supported by a strong executive team. I wish to take this opportunity on behalf of the Board to thank the staff for their contribution to our ongoing success. Our challenges remain significant. I am confident we have the team to do east London proud.

LORRAINE BALDRY
Chairman

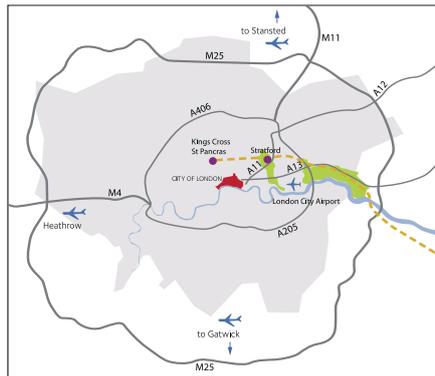


Our strong leadership in areas of land assembly, partnership development, and positive planning has been broadly welcomed, and is producing results...

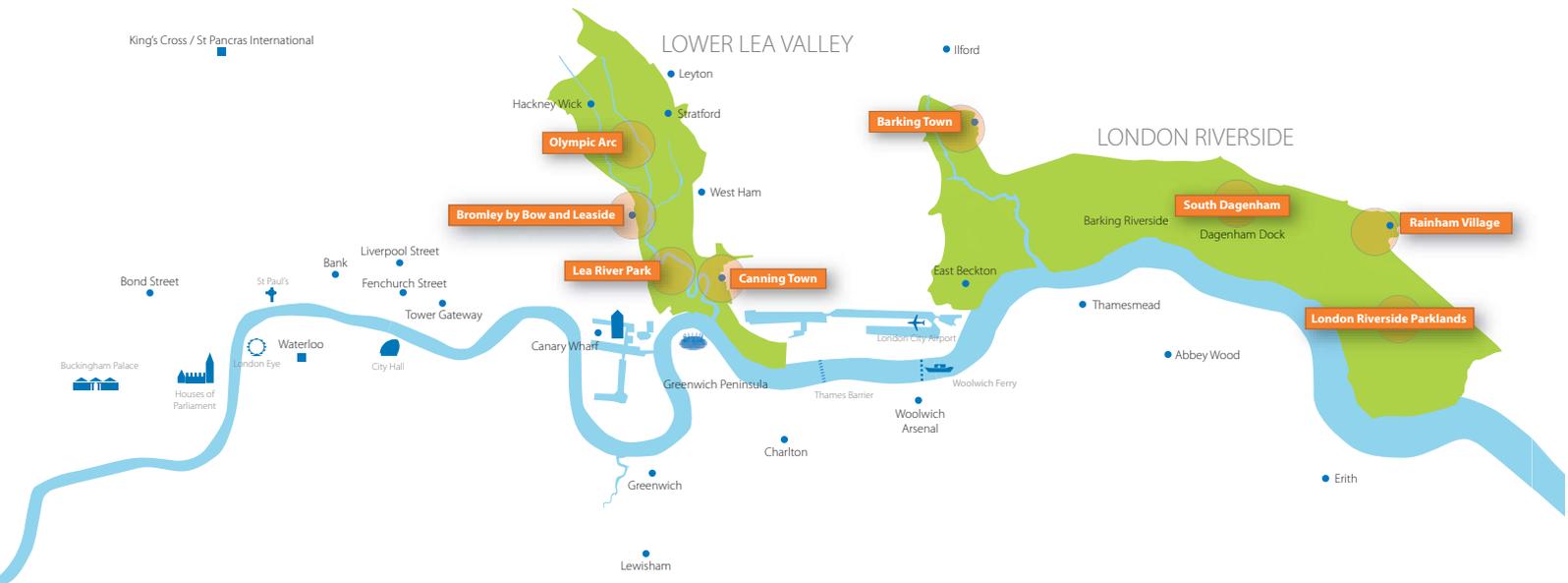
CHIEF EXECUTIVE'S REPORT



I am pleased to report another year of strong progress. This year we invested a total of £55 million of capital across our eight key priority locations within our two areas and made considerable headway in the delivery of new homes and jobs as described overleaf.



- Key Projects
- London Thames Gateway Development Corporation areas



Lower Lea Valley

In the Lower Lea Valley, LTGDC's programme of projects is expected to deliver by 2016 over 11,000 new homes, 6,000 new jobs, £2.0bn of private sector investment, 40ha of remediated brownfield land, over 129,000 sq m of new commercial space and 2km of new road.

Canning Town

LTGDC, along with the London Borough of Newham, is delivering one of the most exciting regeneration projects in east London located just minutes from Canary Wharf, Stratford City, the Olympic Zone and the O2. Having suffered decades of underinvestment, work on the regeneration of Canning Town is well underway. Over the past year LTGDC and the Council have produced an updated framework for the regeneration of Canning Town and Custom House to deliver new homes and a new town centre with nearly 100,000 sq m of retail and commercial space built opposite the existing, well-connected transport interchange. Extensive consultation took place on the Canning Town and Custom House framework in the summer of 2007 with the framework being endorsed by the Mayor of Newham in November 2007 and LTGDC in January 2008. The framework forms the basis of a Supplementary Planning document that has now been produced by the London Borough of Newham for public consultation.

To kick start development of a new town centre LTGDC has funded over 30 strategic leasehold buy-backs which has enabled vacant possession of a number of outdated housing developments to be secured. Demolition of the first vacant residential blocks funded by LTGDC was completed in July 2007 with further demolitions scheduled for next year. In order to provide additional capacity for the decant of tenants in accommodation owned by the London Borough of Newham, LTGDC provided

funding for the refurbishment of 51 units in Tanner and Nicholls Point in Plaistow. Works commenced in October 2007 and are due for completion in March 2009.

In June 2007 the London Development Agency (LDA) received confirmation of its Compulsory Purchase Order (CPO) for the assembly of a 2.4 hectare site on Silvertown Way south of the Canning Town transport interchange. Communities and Local Government (CLG) had already agreed funding of up to £8.5 million to support the CPO against an estimated cost of £20 million. In order to avoid the delay in securing a private sector development partner for the balance of funding, LTGDC agreed to provide a further £8.9 million of funding to add to the £2.1 million of available Economic Regional Development Fund (ERDF) monies. This has enabled the LDA to proceed in issuing a General Vesting Declaration to secure the land and thus accelerate the process of site assembly.

Regeneration on the scale of Canning Town and Custom House is a lengthy process and hugely disruptive for the local community. In order to provide some immediate benefit LTGDC has commissioned a new temporary centre called 'The Place' which will bring a range of public services closer to the local community. These include a job brokerage and training service, the local safer neighbourhoods team, the local regeneration team and a café where locals can meet and spend time together. Work on The Place commenced on site in December 2007 and was completed in April 2008 and is now open to the public.

Across the River Lea to the west of Canning Town, LTGDC granted planning permission this year for a high density residential-led scheme comprising 1,850 units by Ballymore. The scheme at the former Pura Foods site includes a pedestrian bridge across the River Lea to Canning Town station and will thereby assist LTGDC's work in regenerating and connecting Canning Town. Site clearance has already been completed and development of the first phase is underway.





Stratford Library

Olympic Arc

The 2012 London Games is bringing many benefits to east London beyond the wholesale redevelopment of the Olympic Park. It has, for instance, brought forward many public transport enhancements that will benefit wider east London and act as a catalyst for development in the Lower Lea Valley. However sustainable regeneration that benefits local communities will not come forward without careful planning and coordination. July 2007 saw central, regional and local Government agree the principles for the development of the Legacy Masterplan Framework to guide the long term regeneration of the Olympic Park and immediately adjacent Lower Lea Valley areas post 2012. Work on the Framework commenced in March 2008 with completion due in December 2009. A planning application will be submitted in August 2009. LTGDC is playing a leading role in coordinating cross agency efforts to ensure a robust legacy strategy is in place and properly governed well before 2012.

LTGDC believes that the provision of an Olympic visitor centre would provide valuable opportunities to showcase the regeneration of east London to business and leisure tourists and assist in community engagement. We have been working with the Olympic Executive, the LDA and the London Borough of Newham to review the options and the potential funding packages for such a venue to be located in Stratford. It is currently envisaged that this new venue would open by mid 2009.

Stratford serves as an important gateway to the Lower Lea Valley and the 2012 Games. A major refurbishment of the shopping centre with significant new retail and residential space on the adjacent lands, known as Stratford Island, is proposed with first phase delivery before the 2012 Games. LTGDC is supporting the London Borough of Newham on the procurement of a development partner as well as the purchase of land and property to secure a comprehensive development scheme, possibly through the exercise of its compulsory purchase powers.

As a consequence of the Olympic bid success, significant residential development is already coming forward around Stratford High Street. To ensure that development is planned appropriately and that investment is channelled correctly into upgrading the environment of the High Street, LTGDC has commissioned an urban design and public realm strategy. LTGDC is developing policy with the London Borough of Newham and commissioning work to deliver public realm enhancements in the High Street before 2011.

In order to inform the emerging Legacy Masterplan Framework LTGDC has, with the London Boroughs of Tower Hamlets and Hackney, commissioned a masterplan in December 2007 for the Hackney Wick and Fish Island area. It is intended that following completion and consultation in 2008 this will become adopted planning policy for the area.





Three Mills, Bromley by Bow

Bromley by Bow

At the heart of the Lower Lea Valley, just to the south of the Olympic Park and east of the Bromley-by-Bow tube station, is an area of declining traditional industrial use next to the Three Mills, surrounded by waterways containing a number of significant historic buildings.

LTGDC's strategy is to secure comprehensive regeneration of the area using compulsory purchase powers, if necessary. In the summer, LTGDC defended its decision to refuse an application that would have prevented comprehensive regeneration at a public inquiry. Our decision was upheld by the planning inspector who also endorsed our approach to a comprehensive development of the area. In the light of this, we produced a planning brief for the Imperial Street/Hancock Road area and commissioned a masterplan for the Sugar House Lane/Hunts Lane area, which is now being taken forward for adoption as planning policy by the London Borough of Newham. Negotiations with landowners have commenced and we hope that we will be able to agree a comprehensive development of the area without recourse to compulsory purchase.

In December, LTGDC, with the London Borough of Tower Hamlets, Poplar HARCA and the Mayor's Design for London, commissioned an implementation strategy for the Poplar Riverside area. This work will provide guidance to LTGDC on intervention necessary to accelerate the provision of new housing and jobs in the area.

Lea River Park

LTGDC is determined to realise a long held ambition to extend the Lea Valley Regional Park south along the river valley to the mouth of the Thames. The extension south from the Olympic Park will celebrate the history, heritage and natural attributes of the Lea Valley, creating an ecological resource and range of leisure and recreational opportunities for the local community and regional visitors.

Work started on the realisation of this ambition in 2006 when LTGDC funded the upgrade of Bow Creek Ecology Park and East India Dock Basin. More recently we have completed a conceptual design for the extension of the park and we are now working up detailed proposals prior to starting work on the first phases for delivery before 2012. These first phases include a continuous north-south pedestrian and cycle link from the Thames to the Olympic Park and major parkland works at East India Dock Basin and Three Mills to form attractive new destinations.

On site construction work continued during the year at Prescott Lock, and is now due to be completed by November 2008. This new lock and water control structure will create a permanent head of water above the lock creating a much improved environment north through the Olympic Park and allowing the river to be used for freight traffic for the construction works associated with the 2012 Games and the legacy development.





London Riverside

In London Riverside, our programme is expected, by 2016, to deliver over 15,000 new homes, 2,800 new jobs, £310m of private investment, 38ha of remediated brownfield land, over 123,000 sq m of new commercial space, 147,000 sq m of new/refurbished green space and 11km of new or upgraded roads.

Barking Town

Identified as a priority area within the Thames Gateway, Barking's town centre has been changing rapidly. To ensure that the revitalisation of the town is well coordinated, LTGDC has supported the local authority in the production of an Area Action Plan for the town centre and this has recently completed the first stage of public consultation.

Earlier this year, the London Borough of Barking and Dagenham with its partners, Redrow Regeneration, completed phase one of the mixed-use Barking Central scheme, which included 246 new flats and a new lifelong learning centre. Phase two is currently under construction and is expected to be complete by autumn 2009. LTGDC was pleased to have supported this development through the acquisition of strategic property assets and the funding of the new Town Square and Secret Garden.

In order to help bring new life and character to Barking, LTGDC is developing a new Creative Industries Quarter to the west of the town centre along Abbey Road. The quarter is located around the Icehouse and the Malthouse, former riverside industrial warehouses of significant architectural merit, which had fallen into disuse before LTGDC acquired them. LTGDC completed a renovation of the Malthouse in November and appointed SPACE Studios to manage lettings of the building. The first phase is now fully let and a successful launch event generating extensive media coverage was held in March. The more recently acquired Icehouse was cleared of asbestos and

hazardous materials earlier in the year ready for refurbishment. These two buildings form the first phase of a development that will eventually provide 7,000 sq m of creative space accommodating some 220 jobs and 300 homes. The acquisition of a further site was agreed during the year for completion in 2008 and acquisitions of further sites are currently in negotiation.

East London Transit (ELT) is a fast, modern bus service which will link Ilford, Barking and Dagenham Dock. We are contributing to bringing forward delivery of the first phase with English Partnerships by funding strategic land acquisitions in Barking Town Centre to allow the creation of a new square to enable part of Barking's street market to be relocated. Construction of the new square will start this summer and work on East London Transit is planned to start in early 2009. We will be investing in the provision of an enhanced passenger information system and improved public realm along the route of ELT.

The upgrading of Barking Station and its interchange with bus and taxi services and the new ELT services is vital to the regeneration of the town centre and we are taking the lead on delivering a masterplan for the area. A team including Grimshaw Architects and Atkins has been selected to prepare the masterplan, which will be completed by the autumn of 2008.



Barking Station



Sustainable Industries Park site, Dagenham Dock



Dagenham Dock

During the year we agreed in principle to a joint venture with the LDA to deliver a Sustainable Industries Park (SIP) at Dagenham Dock. The London Sustainable Industries Park (SIP) will be a 20 hectare green business park showcasing cutting edge sustainable technologies (such as recycling, renewable energy generation, manufacture of sustainable construction materials and research and development). The development will be built using best practice sustainable construction and management standards, which address the challenges and opportunities of climate change.

LTGDC contracted to purchase ten hectares at Choats Road in Dagenham Dock to help realise this ambition and agreed to fund the first phase of primary infrastructure including a new access road. A number of exciting environmental technology businesses are looking to locate at the SIP and the joint venture will shortly appoint a development partner to deliver the first phase in 2010/11.

LTGDC is also working with a consortium of world class academic and corporate partners to deliver an Institute for Sustainability at the SIP. The Dagenham Dock Institute for Sustainability will be a world class multi-disciplinary research

facility focussed on consumption (systems approaches to sustainable construction, sustainable procurement, energy management) and waste (materials re-use and recycling). It will be delivered by a public-private partnership which includes internationally renowned universities and companies engaged in delivering best-practice approaches and technologies for sustainable development and sustainable living. The Dagenham Dock location offers close links for researchers with environmental technology businesses in the area and with the large developments in the London Thames Gateway. Initial research projects have been identified to support the Barking Riverside and Olympics developments. With current commitments of more than 10,000 sq m of research space, it is proposed that the Dagenham Dock Institute for Sustainability will be on site in time for a joint opening with the Dongtan Institute for Sustainability at the 2010 Shanghai Expo.



Lamson Road, Rainham

Rainham Village

This year LTGDC and the London Borough of Havering produced masterplans for Rainham Village and the adjacent A1306 corridor to guide future development of the area. These will be the subject of consultation by the London Borough of Havering prior to adoption as Supplementary Planning Documents in 2008.

In 2006 LTGDC purchased the first sites necessary to revitalise the village centre with a new transport interchange, public square, library and housing. Negotiations with the local authority have progressed during the year on the scheme and further land acquisitions are moving forward. In summer 2008 a development partner will be sought.

The outdated industrial and warehousing premises along the A1306 corridor from the eastern edge of Rainham Village to Beam Park are designated for residential-led mixed use development. The development community has attempted over the last few years to promote housing schemes along this corridor which have generally been of

unacceptably poor quality. In order to break the cycle and bring forward an exemplar scheme, LTGDC purchased a three hectare site on the A1306 in March 2007. The site has been occupied by Carpetright plc and Harveys plc. During the year LTGDC acquired the lease of Harveys plc and Carpetright is due to move their operation further east to Purfleet during 2008. Following vacant possession, clearance of the site will commence and a development partner will be sought. The site will be developed for a mix of uses including family homes, education facilities and small business workspaces.

In June 2007, LTGDC embarked on a programme of improvements to the local industrial areas, with £2.5 million of grant funding provided to rebuild Ferry Lane North and improve drainage to the marshes. The finished road will improve access to local businesses and allow the operation of buses along its length, opening up public transport to the industrial estate.



Wildspace, Rainham



London Riverside Parklands

Wildspace

Leading a consortium of interests LTGDC is bringing to life 645 hectares of park and wetlands to form a major visitor destination capable of attracting one million visits per year. The London Riverside Conservation Park, known as “Wildspace for a World City”, will be developed in three phases over the next decade.

The first phase is to enhance the Rainham, Wennington and Aveley Marshes which form the largest remaining wetlands in the Thames Estuary and a RSPB protection site. LTGDC has been funding the construction of associated visitor infrastructure and a cycle and footpath linking Rainham to Purfleet through the Marshes along a popular riverside route. These works will be completed in 2008 bringing the first phase of works to completion.

Green Grid

East London Green Grid is an ambitious network of green infrastructure designed to improve the quality of life in the area, to change perceptions and complement other regeneration activities. LTGDC has been instrumental in developing the proposals for two of the six areas – the Lower Lea Valley and London Riverside, working with the LDA and Design for London. This year we were pleased to grant fund the LDA to construct an important early green grid project in east Beckton. This project provides a green link from Gallions Docklands Light Railway (DLR) station through new industrial and housing developments to the River Thames where it terminates in an area of open space which will eventually form part of the proposed Cross River Park.





National Skills Academy for Financial Services, Poplar

Planning

During the last 12 months, we received 285 applications (an increase of 55% on 2006/7) and determined 211. Of these, we approved 205. The approvals will deliver 3646 new homes and 4014 jobs. We refused only six applications (a rate of under 3%) which reflects our determination to work with applicants to ensure that their proposals are made acceptable. However, we take a robust line where we do not consider an application accords with relevant policies or is of insufficient quality. In these cases we are not afraid to recommend refusal to our planning committee and defend its decision at public inquiry. Of the seven appeals handled during the year, two were dismissed by the Secretary of State (one following a public inquiry), four have been withdrawn by the appellants and one is pending.

LTGDC's Board completed a wide consultation on its ground breaking tariff-based Planning Obligations and Community Benefits Strategy during the year and formally adopted it in March 2008. Agreements are now being concluded with developers in accordance with the strategy and the first payments are expected to be received in the summer of 2008.

Next year LTGDC will review the Planning Obligations and Community Benefits Strategy to set new tariff levels commencing April 2009. The review will be based upon the best research and analysis possible of

developing and changing infrastructure needs, sources of matching finance and the financial viability of development. This work will aim to provide close alignment of LTGDC's programme spend with that of other public sector partners and the investment of section 106 funds.

Education and Skills

The development of education and skills in the local community is an essential ingredient in the regeneration of our area. The education institutions themselves act as anchors to existing talent, inhibiting the migration out of the area by highly skilled individuals. The institutions also attract new talent and assist inward investment required to create economic growth. With the right leaders, courses and networks, education-led regeneration has proved to be a highly efficient and effective way to initiate social and economic change locally.

The most notable education project delivered during the year was the new National Skills Academy for Financial Services which opened in early 2008 in a bespoke conversion of a former grammar school. LTGDC provided capital funding of £1 million to help establish the Skills Academy, which is the London centre of the national skills training network for financial services. The project was delivered by working with financial services companies in Canary Wharf and the City of London, the Financial Services Skills Council

and a local skills provider. The Skills Academy provides a highly professional environment for specialist financial training for individuals who aspire to a career in financial services with courses tailored to local employers' needs. The location in the local community adjacent to Canary Wharf was specifically chosen to enable more job brokerage, up-skilling and general finance literacy services to be delivered locally.

During the year LTGDC granted over £600,000 directly to local schools. This funding was used on four strategic priorities in over 20 schools. These were to support primary schools close to development sites affected by fluctuating pupil numbers; to support schools to achieve and promote excellence awards and specialist status; to stimulate new areas of work in schools that connected them to new physical or economic developments locally and to support direct employer engagement with schools.

Economic Development

LTGDC has identified a number of economic development opportunities across its area through the work it has done in reviewing existing economic development strategies and commissioning a number of more detailed studies this year. The projects that are being delivered, such as the Creative Industries Quarter in Barking, the Sustainable Industries Park in Dagenham and the Skills Academy in Poplar have already been described along with nascent projects such as the Olympic Visitor Centre. Recent work has focussed on priority areas of growth and the outcome of these is likely to lead to the identification of required interventions to support the economic future of Stratford, provide employment spaces required to meet market demand in east London and support the logistics industry in London Riverside. All this work helps to refine inward investment strategies, and will build upon the proposition guide LTGDC produced this year working with Jones Lang LaSalle.

LTGDC also agreed towards the year end to join the sponsors of the London International Festival of Theatre (LIFT) programme, which will deliver four cultural festivals in the London Thames Gateway as part of the overall international programme. These festivals are designed to celebrate, re-enforce and enhance the sense of place in each of its locations. They will also extend community engagement, skills and inward investment activities by working with key local partners. The inaugural festival was in Stratford in June 2008, with further festivals planned for Barking and Canning Town in 2009 and Rainham in 2010.

The Future

The Thames Gateway Delivery Plan was launched by the Prime Minister, Gordon Brown, at the Thames Gateway Forum in November 2007. We were delighted to learn that CLG had allocated £120 million for the next three years to LTGDC out of the £500 million Thames Gateway CSR 2007 settlement. Subsequently the Housing Minister, Caroline Flint, approved LTGDC's Corporate Plan for the years 2008-11. Over this period we intend to invest at least £237 million gross in our area by utilising the £120 million of CLG funding and recycling capital receipts from our existing and future investments in land. This investment will result in 8,200 new homes and 7,900 new jobs being created along with the necessary infrastructure by 2016.

In the Thames Gateway Delivery Plan, CLG also announced that a Strategic Economic Investment Fund of £200 million had been agreed with the three Regional Development Agencies (RDAs) and that £35 million of funding would be allocated to the Thames Gateway Parklands Programme. LTGDC is currently working with CLG and the LDA in working up projects to access these funding streams.

We were pleased to receive confirmation during the year that two of the transport projects vital to the regeneration of our area – removal of the Canning Town roundabout (£18 million) and East London Transit Phase 2 (£18.5 million) – had been successful in the first stage of bidding for part of the £100 million Community Infrastructure Fund.

At the time the Annual Report was going to print the housing market in the UK was in a state of considerable flux. Over the first six months of 2008/09 LTGDC will review its priorities and deliverables to ensure that they are still appropriate to deliver the regeneration of our areas.

Personnel

To cope with the increased level of activity, our headcount rose from 27 to 36 full-time equivalents (FTE) employees. With the increasing workload generated by the Olympic Legacy proposals it was decided that Ken Glendinning, Deputy Development Director should concentrate solely on the Lower Lea Valley and Mark Bradbury was recruited in October 2007 as the new Deputy Development Director to strengthen the team and lead the programme for London Riverside.

During the year a new Planning Implementation team was formed to develop and implement a land acquisition strategy, which will include the use of compulsory powers where necessary, and to oversee the organisation's master planning and transport planning work. The development control side of the planning team was also strengthened to cope with the increased workload. Further additional staff were also recruited to strengthen the Finance and Operations team.

Summary

Once again, we have achieved a great deal in a difficult operating environment. We are fortunate in having experienced staff with a great passion for the regeneration of east London. Our achievements are testimony to their commitment. In order to deliver these ambitious targets we will need to further accelerate the pace of delivery. We are determined to rise to the magnitude of the challenge and deliver significant change over the next year.



PETER ANDREWS
Chief Executive

BACKGROUND

Statutory Background

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

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

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

Aims and Objectives of LTGDC

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

LTGDC's statutory objectives are to:

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

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

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

LTGDC's Operational Area

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

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

CORPORATE GOVERNANCE

Statement of Board and Members' Responsibilities

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

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

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

Board Composition and Committee Memberships

LTGDC has been established with a Board of 13 members. It is chaired by Lorraine Baldry and John Biggs is the Deputy Chair. The members provide LTGDC with a strong connection with the principal stakeholders within the local communities, and the private and public sectors.

The Board Chairman and Deputy Chair are ex officio members of both the Audit & Risk and Planning Committees, but as indicated below serve as Deputy Chair and Chair of the Resources Committee respectively.

Board Composition and Committee Memberships

	Audit	Planning	Resources
Board			
Lorraine Baldry (Chairman)	✓	✓	Deputy Chair
John Biggs (Deputy Chair)	✓	✓	Chair
Imtiaz Farookhi	Chair		✓
Ken Giles	✓	■	✓
Ohid Ahmed	✓		
Stan Hornagold			✓
Sid Kallar		✓	
Conor McAuley		Chair	
Guy Nicholson		■	✓
Atul Patel		✓	
Dru Vesty		Deputy Chair	
Michael White	Deputy Chair		
John Worthington		✓	✓
Non Board Members			
Paul Clarke (co-opted)	✓		
Alan Clark (co-opted)		✓	
Richard Turner (co-opted)		✓	

■ Denotes reserve member in absence of a member

The Resources Committee of the Board is responsible for approving material and contentious expenditure and advising the LTGDC Board on budgets, management systems, financial policies and human resource policies. The Resources Committee met seven times between 1 April 2007 and 31 March 2008.

The Audit and Risk Committee of the Board advises the Accounting Officer and the Board on the adequacy of LTGDC's risk management and internal control arrangements. The Audit & Risk Committee met 3 times between 1 April 2007 and 31 March 2008.

The primary function of the Planning Committee is to be the decision maker on all planning applications to be determined by LTGDC and applications to be considered by the Mayor or Secretary of State. It considers, and also advises the Board, on strategic planning and planning policy issues and the preparation of planning and regeneration plans and frameworks within the LTGDC area. It met ten times between 1 April 2007 and 31 March 2008.

The Executive

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



Rainham Hall

2

MANAGEMENT COMMENTARY

Format of the Financial Statements

The Financial Statements for the year to 31 March 2008 have been prepared in accordance with the Direction on the Annual Accounts issued on 30 March 2007 by the Secretary of State, with the consent of HM Treasury and in accordance with paragraph 10(3) of schedule 31 to the Local Government, Planning and Land Act 1980.

Responsibilities of the Accounting Officer

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

The Chief Executive, as Accounting Officer, states:

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

Employee Relations

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

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

Better Payment Practice Code

LTGDC supports the Better Payment Practice Code and aims to pay all undisputed invoices within the due date. For the 12 months to 31 March 2008 90% of undisputed invoices were paid within the due date.

It is LTGDC's policy to settle the terms of payment with suppliers when agreeing the terms of each transaction, pay bills in accordance with contract, and ensure that suppliers are aware of the terms of payment.



Town Quay, Barking

Open Government and Freedom of Information

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

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

Sustainable Development Policy

The Board has endorsed LTGDC's Sustainable Development Strategy which sets out environmental, social and economic requirements and standards for developments that LTGDC is promoting.

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

Key Performance Indicators

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

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

LTGDC has a ten year life but many of the outputs generated will happen over a longer time frame. The majority of work undertaken by LTGDC in 2007/08 related to the acquisition of strategic sites, enabling local authorities to buy back leaseholds on sites earmarked for demolition, masterplanning studies, feasibility studies and other preliminary work. The investment in 2007/08 will enable LTGDC to deliver against its core output targets in the forthcoming years and ultimately achieve the desired longer term outcomes for the Lower Lea Valley and London Riverside areas.

For 2007/08 LTGDC is able to report the following outputs delivered; 2,600 sq m of green and open space refurbished, 2,370 sq m of new commercial floor space, 3.86 hectares of brownfield land remediated.

LTGDC expects the 2007/08 spend to result in the delivery of 1,500 new homes, 1,100 new jobs, £340 million of private sector investment, 13 hectares of brownfield land being remediated, 50,000 sq m of new commercial floor space and 62,000 sq m of green or open space being created by 2016.

Register of Interests

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

Auditors

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

The cost of work performed by the auditors in respect of the year ended 31 March 2008 was £23,000.

3

REMUNERATION REPORT

Board Member's Costs (Audited)	2008 £'000	2007 £'000
Salaries	209,063	206,154
Pension Costs	11,062	15,977
Social Security Costs	16,051	16,275
Total Board Costs	£236,176	£238,406

Name	Position	2008		2007	
		Salary £'000	Benefits in kind nearest £100	Salary £'000	Benefits in kind nearest £100
Lorraine Baldry	Chairman	45-50	-	45-50	-
John Biggs	Deputy Chair	35-40	-	30-35	-
Imtiaz Farookhi	Board Member	10-15	-	10-15	-
Kenneth Giles	Board Member	10-15	-	10-15	-
Ohid Ahmed	Board Member	10-15	-	0	-
Stan Hornagold	Board Member	5-10	-	0	-
Sid Kallar	Board Member	10-15	-	10-15	-
Conor McAuley	Board Member	10-15	-	10-15	-
Guy Nicholson	Board Member	10-15	-	10-15	-
Atul Patel	Board Member	10-15	-	10-15	-
Dru Vesty	Board Member	10-15	-	10-15	-
Michael White	Board Member	10-15	-	10-15	-
John Worthington	Board Member	10-15	-	10-15	-
Michael Keith	Board Member	0	-	5-10	-
Michael Thorne	Board Member	0	-	10-15	-

The Chairman and Deputy Chair are entitled to pension benefits through a scheme operated under broadly the same rules as the Local Government Pension Scheme (LGPS). The scheme is unfunded with benefits being paid as they fall due by the sponsor department. The value of the accrued pension benefits payable to the current Chairman and Deputy Chair as at 31 March 2008 have been calculated by the scheme actuary as £66,000.

The Chairman's and Deputy Chair's pension entitlements:	Lorraine Baldry	John Biggs
Accrued pension and lump sum at age 65	0 – 2.5 pension and 5.0 – 7.5 lump sum	0 – 2.5 pension and 5.0 – 7.5 lump sum
Real increase in pension and related lump sum at age 60	0 – 2.5 pension and 0 – 2.5 lump sum	0 – 2.5 pension and 0 – 2.5 lump sum
CETV at 31/3/07 (nearest £k)	20	12
CETV at 31/3/08 (nearest £k)	30	19
Real increase in CETV after adjustment for inflation, investment returns and member contributions (nearest £k)	7	5

The Chairman and Deputy Chair have a time commitment of two days per week. The remaining Board Members have a time commitment of 3 days per month. All Board Members have achieved their committed days either through Board meetings, attendance at other ad hoc meetings or other work as required.

Staff Costs

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

Name	Position	2008		2007	
		Salary £'000	Benefits in kind nearest £100	Salary £'000	Benefits in kind nearest £100
John Allen	Director of Planning	100-105	-	95-100	-
Peter Andrews	Chief Executive Officer	135-140	-	135-140	-
Ian Short	Deputy Chief Executive	105-110	-	95-100	-
Jim Sneddon	Director of Development	100-105	-	105-110	-

The information in the table above is audited.

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

LTGDC also received the services of Kevin Whittle as Head of Policy from CLG (seconded from Tower Hamlets Local Authority) for 2007-2008. This service has been valued at between £110k - £114k (2005 – 2006 £125k - £130k: The reduction being due to the VAT recovery in 07/08).

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

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

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

Pension Information – Key Managers	Peter Andrews	Ian Short	John Allen	Jim Sneddon
Real increase in Pension at age 65 £'000	0 – 2.5	0 – 2.5	0 – 2.5	0 – 2.5
Real increase in related lump sum at age 65 £'000	2.5 – 5	2.5 – 5	0 – 2.5	2.5 – 5
Accrued annual pension at age 65 at 31 March 2008 £'000	7.5 - 10	2.5 - 5	35 – 37.5	12.5 - 15
Total accrued related lump sum at age 65 at 31 March 2008 £'000	22.5 – 25	10 – 12.5	105 – 107.5	32.5 - 35
CETV At 31 March 2007 – using pay data at 31/3/07 but 2008 transfer factors	83	24	527	144
CETV equivalent transfer value at 31 March 2008 £'000	106	41	557	166
Real increase in CETV after adjustment for inflation, market conditions £'000	12	10	3	11

The information in the table above is audited.



PETER ANDREWS
Chief Executive and Accounting Officer

4

ACCOUNTING OFFICER'S STATEMENT ON INTERNAL CONTROL

Scope of Responsibility

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

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

Accountability Arrangements

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

Arrangements for securing accountability within LTGDC are as follows:



DLR platform at Stratford Regional Station



East India Dock Basin

The Board

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

The Board responsibilities include:

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

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



The Purpose of the System of Internal Control

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

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

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

The system of internal control has been in place in LTGDC for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

Capacity to Handle Risk

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

The Risk and Control Framework

The risk and control framework has been developed and includes:-

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

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

Review of Effectiveness

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

The Internal Audit included reviews on financial audit and IT services. I look forward to their further assessment of our controls in 2008/09, as part of a process of continuous improvement.

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

Significant Control Issues

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

PETER ANDREWS
Chief Executive and Accounting Officer

5

AUDIT CERTIFICATE

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

I certify that I have audited the financial statements of the London Thames Gateway Development Corporation for the year ended 31 March 2008 under the Local Government, Planning and Land Act 1980. These comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and

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

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

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

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be

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

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

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

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

Basis of Audit Opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the London Thames Gateway

Development Corporation and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the London Thames Gateway Development Corporation's circumstances, consistently applied and adequately disclosed.

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

Opinions

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Local Government, Planning and Land Act 1980 and directions made thereunder by the Secretary of State, of the state of the London Thames Gateway Development Corporation's affairs as at 31 March 2008 and of its net expenditure 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 'Chief Executive's Report', the 'Background Information', the 'Management Commentary' and the un-audited parts of the Remuneration Report, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

T J BURR

Comptroller and Auditor General

Date: 11 July 2008

National Audit Office
151 Buckingham Palace Road
Victoria
London SW1W 9SS

6

FINANCIAL STATEMENTS

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2008

The notes on pages 33 to 49 form an integral part of these annual accounts

	Notes	2008 £'000	2007 £'000
Operating income	4	3,047	997
Total Income		3,047	997
Capital Grant expenditure	3a	34,892	9,096
Administrative expenditure	3b	9,359	4,390
Staff costs	16	2,831	2,193
Revenue project expenditure	3b	724	158
Total Operating Expenditure		47,806	15,837
Net Operating Cost		(44,759)	(14,840)
Interest	4	38	1
Notional cost of capital	5	(733)	(175)
Net Expenditure on ordinary activities before taxation		(45,454)	(15,014)
Taxation	20	24	3
Net Expenditure on ordinary activities after taxation		(45,478)	(15,017)
Add back notional cost of capital	5	733	175
Net Expenditure for the period		(44,745)	(14,842)

All activities above derive from continuing operations.

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

Town Quay, Barking

STATEMENT OF RECOGNISED GAINS AND LOSSES

The notes on pages 33 to 49 form an integral part of these annual accounts

	2008 £'000	2007 £'000
Actual Return less expected return on pension scheme assets	(88)	6
Experience Gains and Losses arising on scheme liabilities	685	1
Changes in financial assumptions underlying the present value of the scheme liabilities	392	(237)
Actuarial Gain / (loss) recognised in SRGL (note 21)	989	(230)
Pension Reserve adjustment	0	(3)
Revaluation movement – Development Assets (note 6)	(293)	417
Gains and Losses since last Annual Report	696	184
Reconciliation:		
Grant-in-aid credited to reserves – Note 2	44,000	49,283
Income and Expenditure net operating cost for the year	(44,745)	(14,842)
VAT adjustment on fixed asset	(10)	0
Total Movement	(59)	34,625

BALANCE SHEET AS AT 31 MARCH 2008

The notes on pages 33 to 49 form an integral part of these annual accounts

	Notes	2008 £'000	2007 £'000
Fixed assets			
Tangible assets	7	572	633
Intangible assets	7	14	23
		586	656
Current assets			
Stock of Development Assets	6	45,011	29,050
Debtors: Amount falling due within one year	8	397	2,742
Debtors: Amounts falling due more than one year	8	3	0
Cash at Bank and in hand	17	26,439	22,058
Total current assets		71,850	53,850
Creditors			
Amounts payable within one year	9	37,889	18,996
Total Liabilities		37,889	18,996
Net current assets		33,961	34,854
Total assets excluding pension liability		34,547	35,510
Pensions surplus / (Deficit)	21	113	(807)
Chair's Pension liability		(66)	(50)
Total assets less total liabilities		34,594	34,653
Reserves			
Pension reserve	21	113	(807)
General reserve	10	34,357	35,043
Revaluation reserve	11	124	417
Total capital employed		34,594	34,653

Signed by the Accounting Officer
PETER ANDREWS



Date: 9th July 2008

Chairman LORRAINE BALDRY
On behalf of the Board



Date: 9th July 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

The notes on pages 33 to 49 form an integral part of these annual accounts

	Notes	2008 £'000	2007 £'000
Net cash outflow from operating activities	(i)	(25,527)	(11,272)
Returns on investments and servicing of finance			
Interest received		38	1
Taxation		0	0
Capital expenditure			
Payments to acquire fixed assets		(133)	(337)
Payments to acquire development assets		(13,996)	(18,426)
Financing	(ii)		
Grant-in-aid		44,000	49,283
Increase in cash in the period	(iii)	4,382	19,249

NOTES TO THE CASH FLOW STATEMENT YEAR ENDED 31 MARCH 2008

The notes on pages 33 to 49 form an integral part of these annual accounts

	2008 £'000	2007 £'000
(i). RECONCILIATION OF NET OPERATING COST TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES		
Net Operating Cost for the financial year	(44,759)	(14,840)
Adjustment for non-cash transactions:		
Depreciation charges and revaluation provisions	4,257	1,330
Decrease/(Increase) in debtors	2,342	(2,646)
Increase in creditor amounts payable within one year (see creditor's reconciliation below)	12,548	4,787
Increase in pension liabilities	85	97
Net cash outflow from operating activities	(25,527)	(11,272)
Creditor's reconciliation -		
Creditor balance – amounts payable within one year	37,889	18,996
Previous year's creditor balance	(18,996)	(4,673)
Movement	18,893	14,323
Corporation Tax accrual	(24)	(3)
Development Asset accrual – current year	(17,014)	(10,679)
Fixed Asset accrual – current year	(9)	(24)
Development Asset accrual – previous year	10,679	1,072
Fixed Asset accrual – previous year	24	98
Increase in creditor amounts payable	12,548	4,787
(ii). ANALYSIS OF FINANCING		
Grant-in-aid and Revenue Grant received from CLG	44,000	49,283
(iii). RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		
Cash at bank and in hand at end of the year	6,243	22,058
Cash held by third parties	20,127	0
Cash in transit	70	0
Less: Cash at bank and in hand at beginning of year	(22,058)	(2,809)
Increase in cash in the year	4,382	19,249

1. ACCOUNTING POLICIES

Basis of Accounting

The annual accounts of LTGDC are drawn up in accordance with a direction given by the Secretary of State with consent of HM Treasury, a copy of which is included from page 52.

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

Grants and Grant-in-aid

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

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

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

During 2007 / 08 LTDGC received only Grant-in-aid contributions.

Tangible Fixed Assets

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

Intangible Fixed Assets

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

Depreciation

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

Tangible Fixed Assets:-

Computer equipment and non bespoke software development costs - three years

Furniture and Fittings - seven years

Intangible Fixed Assets:-

Software licences and bespoke software development costs - three years

Stock of Development Assets

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

Valuations are carried out in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors. The assets were valued at 31 March 2008 by Drivers Jonas, Chartered Surveyors. It is LTGDC's policy to have development assets valued externally every two years.

Cost of Capital

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

Deferred Taxation

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

Pensions

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

Operating Leases

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

Value Added Tax

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

Planning Fee income and related Planning expenditure

Planning Application Fees which relate to large, strategic planning applications, that are within LTGDC's development area are charged (under the relevant legislation) to an applicant. The statutory Planning Fees are payable at the time of submitting a planning application and excludes VAT. The amount of fee received by LTGDC, which is recognised as income, is dependent on the work that has been completed by the Local Authorities on a specific application. Local Authorities assist LTGDC by undertaking the administrative tasks associated with these large planning applications. Local Authorities charge LTGDC for providing this service. Their charges to LTGDC reflect the amount of planning application fee that will be charged to the applicant. Any unrecognised income is treated by LTGDC as deferred income and shown in the balance sheet. Any deferred income will be matched to expenditure (in the Income and Expenditure account) at a later date, once the work has been completed.

Planning expenditure relates to the planning work done by the Local Authorities and also includes the VAT charged. The expenditure is recognised by LTGDC (in the Income and Expenditure account) based upon the work completed on specific planning applications.

2. GRANT-IN-AID

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

	2008 £'000	2007 £'000
Grant-in-aid received from CLG	44,000	49,283
Total Grant-in-aid receivable	44,000	49,283

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

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

- Payments to acquire development assets of £13,996,000 and to acquire fixed assets of £133,000 (see cashflow statement).
- At the Balance Sheet date, cash amounting to £26,439,000 was being held (see note 17).

3. OPERATING EXPENDITURE

	2008 £'000	2007 £'000
a. Capital project expenditure which comprises		
Capital Grants to Local Authorities	12,987	4,146
Capital Grants to other bodies	19,689	4,039
Other capital project expenditure e.g. project consultancy	2,216	911
	34,892	9,096
b. Administration expenditure which comprises		
Board Members' costs	236	238
Travel, hospitality and subsistence	39	49
Board & staff training, conferences	294	173
Accommodation and other rental costs	280	251
IT expenditure	235	144
Consultancy fees		
– Strategy consultancy	568	388
– Planning policy documents	368	133
– Planning support	646	47
Legal, accountancy and professional fees	1,043	418
Publications, events and publicity	352	241
External Auditor's remuneration	23	22
Internal Auditor's remuneration	7	8
Depreciation and amortisation costs (Note 7)	179	137
Planning fees (including VAT)	738	900
Estate management costs	121	47
Development Assets Write Off (Note 6)	4,078	1,194
Bad debts	15	0
VAT adjustment	137	0
	9,359	4,390
Staff salaries (Note 16)	2,470	1,929
Additional pension costs – FRS17 (Note 16)	69	47
Contract, agency and temporary staff (Note 16)	292	217
	2,831	2,193
Project revenue costs	724	158
	12,914	6,741

Analysis of Capital Grant Project Expenditure

Local Authority	Project	2008 £'000	2007 £'000
LB of Newham	Canning Town	10,254	3,057
LB of Barking & Dagenham	Barking Town Centre	153	969
LB of Havering	Ferry Lane North	2,580	120
Total Local Authority		12,987	4,146

Supplier	Project	2008 £'000	2007 £'000
British Waterways	Prescott Lock	2,205	2,770
London Development Agency	Silvertown Way & Ailsa Street	14,467	1,000
RSPB	Wildspace	764	160
Lee Valley Regional Park Authority	Lee Valley Regional Park	0	64
Leaside Regeneration	Lower Lea Valley Access	0	45
London International Festival of Theatre		638	0
Transport for London	A13 Renwick Road	1,615	0
Total		19,689	4,039

4. INTEREST AND OTHER INCOME

	2008 £'000	2007 £'000
Rental income	836	16
Contributions	869	204
Planning Application Fees Received	628	766
Recharges	19	11
Prior year VAT	695	0
	3,047	997
Bank Interest Received	38	1
	3,085	998

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

West Rainham	£599,589
Rainham (Broadway)	£25,409
West Dagenham	£199,959
Barking	£10,702

Grant contributions were received as follows:

Contributors	Area	Amount £
London Development Agency	River Roding masterplan & FRA	58,994
	LLV & LR Workspace	30,000
	Stratford High Street	50,000
	Sugar House masterplanning	30,000
	Canning Town masterplanning	25,000
	LLV connections feasibility rpt	20,962
	LR area	60,950
	BTC retail impact assessment	44,880
	SRP economic development	23,500
English Partnership	Area Action Plan	71,512
	Barking economic appraisal	100,000
	Canning Town masterplanning	100,000
LB of Barking & Dagenham	LR DIS & SIF	22,000
LB of Newham	Canning Town	75,384
	Stratford High Street east study	50,000
	Sugar House masterplanning	10,000
Transport of London	Canning Town	10,000
LB of Havering	A1306 New Road	30,000
S106 payment	S106	15,000
LB of Tower Hamlets	Business rates refund (04-07)	40,891
		869,073

Planning fees relate to the statutory charge payable by applicants for making large, strategic planning applications, which fall within LTGDC's geographical area. Fees are payable at the time of making a planning application. Planning fees are determined by government legislation which is contained in the Town and Country Planning Regulations 2005. The responsibility for determining large, strategic planning applications within the LTGDC area rests with LTGDC. Local Authorities provide a planning service to LTGDC to enable and assist them to

determine planning applications and to carry out any other planning functions, which have been bestowed upon LTGDC. Planning Application Fees are intended to cover the costs involved in dealing with each type of planning application. (See Accounting Policies for LTGDC's recognition of Planning Fee income and expenditure).

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

The following analysis of 2008 planning fees is provided for fees and charges purposes, not for SSAP 25 purposes.

Area	Amount Received 07/08	Amount b/f (from 06/07 deferred income)	Income (as shown)	Expenditure, Inc accruals & VAT (see note 3)	Deficit
LB of Havering	£137,609	£0	£137,609	£161,691	(£24,082)
LB of Barking and Dagenham	£122,590	£7,320	£129,910	£152,644	(£22,734)
LB of Newham	£184,305	£144,603	£328,908	£386,467	(£57,559)
LB of Tower Hamlets	£31,915	£0	£31,915	£37,500	(£5,585)
Total	£476,419	£151,923	£628,342	£738,302	(£109,960)

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

Following negotiations with HMRC, LTGDC has been able to recover some prior year (04/05, 05/06 and 06/07) VAT that was previously incurred as a cost. These costs relate to operating expenditure (excluding planning fees).

5. NOTIONAL COST OF CAPITAL

	2008 £'000	2007 £'000
At 3.5% on average of total assets less total liabilities during the period	733	175

6. STOCK OF DEVELOPMENT ASSETS

	2008 £'000	2007 £'000
Opening balance	29,050	1,794
Additions	20,332	28,033
Revaluations – write offs	(4,078)	(1,194)
Revaluations – written down	(293)	417
Closing Balance	45,011	29,050

Development Assets Write Offs occur as a result of the annual valuation (note 1). In 2008, LTGDC's assets were subject to a significant write off reflecting the prevailing market

conditions. These were incurred on the following sites: West Rainham £2m, East Dagenham £1m, West Dagenham £0.3m, Barking £0.4m and Rainham Broadway £0.3m

7. TANGIBLE FIXED ASSETS

Cost	Furniture & Fittings	Software & Computer Equipment	Total
	£'000	£'000	£'000
At 1 April 2007	642	190	832
Additions	29	75	104
At 31 March 2008	671	265	936
Depreciation			
At 1 April 2007	130	69	199
Charge for year	96	69	165
At 31 March 2008	226	138	364
Net Book Value			
At 31 March 2008	445	127	572
At 31 March 2007	512	121	633

Software and computer equipment includes amounts expended on non-bespoke IT software development.

INTANGIBLE ASSETS

Cost	Software Licences
	£'000
At 1 April 2007	36
Additions	5
At 31 March 2008	41
Amortisation	
At 1 April 2007	13
Change for year	14
At 31 March 2008	27
Net Book Value	
At 31 March 2008	14
At 31 March 2007	23

8. DEBTORS

	2008 £'000	2007 £'000
Amount falling due within one year		
Planning Fees recoverable	1	0
Trade Debtors	265	194
VAT	68	2,450
Prepayments	78	98
Bad debt reserve	(15)	0
	397	2,742
Amount falling due in more than one year		
Trade Debtors	3	0
	3	0

DEBTORS - INTRA-GOVERNMENT BALANCES

	2008 £'000	2007 £'000
Debtor falling due within one year		
Balances with other central government bodies	79	2,450
Balances with local authorities	97	172
Balances with NHS organisations	0	15
	176	2,637
Balances with bodies external to government	221	105
	397	2,742
Debtors falling due more than one year		
Balances with bodies external to government	3	0
	3	0

9. CREDITORS

	2008 £'000	2007 £'000
Amount falling due within one year		
Trade Creditors	0	1,337
Accruals	36,798	17,111
Deferred Income	994	491
Other tax and social security costs	97	57
	37,889	18,996

CREDITORS - INTRA-GOVERNMENT BALANCES	2008 £'000	2007 £'000
Creditors due within one year		
Balances with other central government bodies	11,236	61
Balances with local authorities	6,270	3,190
Balances with public corporations and trading funds	2	2,770
	17,508	6,021
Balances with bodies external to government	20,381	12,975
	37,889	18,996

10. GENERAL GRANT RESERVE

	2008 £'000	2007 £'000
Opening Balance	35,043	568
Grant-in-aid received from CLG	44,000	49,283
Net expenditure	(44,745)	(14,842)
Fixed Assets revaluation	(10)	0
Net operating cost - transfer to Pension reserve	69	34
	34,357	35,043

11. REVALUATION RESERVE

	2008 £'000	2007 £'000
Opening Balance	417	0
Revaluation movement – Development Assets	(293)	417
	124	417

12. MOVEMENT ON RESERVES

	General Reserve £'000	Revaluation Reserve £'000	Pension Reserve £'000	Total £'000
At 1st April 2007	35,043	417	(807)	34,653
Net Expenditure	(44,745)	0	0	(44,745)
Grant-in-aid received towards resource expenditure	44,000	0	0	44,000
Revaluation movement	0	(293)	0	(293)
Actuarial Gain / (Loss) recognised in SRGL	0	0	989	989
Income and expenditure deficit - transfer to Pension reserve	69	0	(69)	0
Fixed asset adjustment	(10)	0	0	(10)
At 31 March 2008	34,357	124	113	34,594

13. STATEMENT OF LOSSES AND SPECIAL PAYMENTS

LTGDC had no special payments or losses during the year.

14. CONTINGENT LIABILITIES

The development site known as land at Broadway / Ferry Lane has been valued by Drivers Jonas, chartered surveyors, as at 31 March 2008 at £760,000. This is based on the assumption that the site can be developed for a mixed used residential-led scheme including community uses and a public transport interchange. If the site was developed in this manner (subject to planning approval), then a clawback provision would apply. LTGDC estimates that a payment of £100,000 would be required to meet this condition. The clawback arrangement, agreed as part of the original purchase of the site, only applies if certain conditions are met. No final decision about the use of this land has been made by LTGDC. Therefore, given the uncertainty related to this, no provision has been made in the financial statements for 2007 / 08.

15. CAPITAL COMMITMENTS

As at 31 March 2008, there were no Capital Commitments that LTGDC had authorised and contracted for. (2007 Nil commitments).

As at 31 March 2008 LTGDC had outstanding agreed grant contracts amounting to:

Organisation	Project	Amount
LB of Havering	Rainham	£320,283
LB of Newham	Canning Town	£1,022,853

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

16. STAFF COSTS AND RELATED PARTY TRANSACTIONS

Staff Costs	2008 £'000	2007 £'000
Full Time Staff Costs	1,990	1,381
Full Time Staff Social Security Costs	187	140
Full Time Staff Pension Current Service Costs	179	119
Seconded Staff	114	129
Contract Staff	278	160
	2,748	1,929
Additional Pension Costs - FRS17	69	47
Agency and Temporary Staff	14	217
Total staff costs	2,831	2,193

No employee staff costs have been capitalised during the year.

At 31 March 2008 no employees of LTGDC had received a loan from LTGDC, other than travel season ticket loans. The balance owing on season ticket loans at 31 March 2008 was £9,639 relating to eight members of staff (2007 balance was £7,362, eight staff members).

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

Permanent staff - 36.28 fte (26.33 fte 2006 / 07),

Seconded staff - 1.0 fte (1.0 fte 2006 / 07),

Contract, agency and temporary staff – 2.58 fte (5.26 fte 2006 / 07).

Details of Board Members' costs and costs of key managers can be found in the remuneration report on pages 20 and 21.

Related Party Transactions

LTGDC is a Non-Departmental Public Body sponsored by CLG, which is regarded as a related party, as are the other entities which CLG sponsors. The Local Government Pension Scheme (LGPS), which is administered by the London Pension Fund Authority is also regarded as a related party. During the year the following payments were made to related parties:

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

Organisation	Amount Paid	Amount Accrued	Nature of transactions	Related Party Connection	LTGDC Position
University of the Arts	£0	£10,008	Revenue grants re: Skills development	Lorraine Baldry	Chairman
London Development Agency	£3,737,947	£10,772,242	Capital grants (projects) and consultancy contributions re:cross river feasibility	John Biggs	Deputy chair
Leaside Regeneration Ltd	£11,750	£0	Contributions towards Water City project	John Biggs Ohid Ahmed	Deputy chair Board Member
LB of Tower Hamlets	£253,546	£36,668	Office rates, planning expenditure & secondee costs	Ohid Ahmed	Board Member
LB of Barking & Dagenham	£179,942	£132,574	Capital grants (projects), planning expenditure & consultancy re: Barking AAP	Sid Kallar	Board Member
LB of Newham	£6,480,762	£4,113,086	Capital grants (projects), revenue grants, planning expenditure & contributions re: Newham Leaside AAP	Conor McAuley	Board Member
Gateway to London	£55	£0	Travel & subsistence cost	Conor McAuley Guy Nicholson	Board Member Board Member
LB of Havering	£1,227,788	£1,516,150	Capital grants (projects) and planning expenditure	Michael White	Board Member
Pricewaterhouse Coopers LLP	£10,575	£11,905	Professional consultancy service	Paul Clarke	Audit & Risk Committee Member
DEGW	£32,900	£0	Professional services	John Worthington	Board Member
DCLG	£24,912	£2,209	IT recharges and internal audit cost	Sponsor dept	Sponsor dept
LPFA	£179,047	£0	Staff pension contribution	Via sponsor dept	Pension provider

17. FINANCIAL INSTRUMENTS

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

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

At the Balance Sheet date the cash balances were £26,439,478 (2007 - £22,057,697) which comprised:

Cash balance held at Office of HM Paymaster General - £5,455,281.48 (2007 - £21,962,280.09)

Cash balance held at HSBC - £787,886.09 (2007 £95,416.91)

Cash held at solicitors - £20,126,580 (Pending site acquisition) (2007 - Nil)

Cash in transit - £69,730 (2007 - Nil) relating to a planning fee application

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

18. OPERATING LEASES

As at 31 March 2008, LTGDC was committed to making the following annual rental payments in respect of the following:

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

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

19. POST BALANCE SHEET EVENT

London Thames Gateway Development Corporation's financial statements are laid before the Houses of Parliament by the Secretary of State of Communities and Local Government. FRS 21 requires London Thames Gateway Development Corporation to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by London Thames Gateway Development Corporation's management to the Secretary of State of Communities and Local Government.

The authorised date for issue is 11 July 2008.

20. TAXATION

	2008 £'000	2007 £'000
Current year taxation charges	14	3
Taxation charges relating to previous years	10	0
Released to income and expenditure	24	3

There is no deferred tax liability for 2007/8.

The tax amounts are still subject to confirmation from HMRC.

21. DEFINED BENEFIT PENSION SCHEME

Pension Reserve

	2008 £'000	2007 £'000
Opening Balance	(807)	(540)
Pension Reserve adjustment	0	(2)
Actuarial Gain/Loss recognised in SRGL	989	(230)
Income and expenditure deficit - transfer to pension reserve	(69)	(35)
Closing Balance	113	(807)

Most of LTGDC's employees belong to the Local Government Pension Scheme, a defined benefit statutory pension scheme.

The most recent full actuarial valuation of that scheme was undertaken on 31 March 2007, however in order for LTGDC to ascertain its own actuarial liabilities under the scheme, a valuation for FRS 17 purposes was undertaken as at 31 March 2008.

The following financial information and statistical data has been compiled in accordance with FRS 17 requirements:

Financial Assumptions

The financial assumptions used for the purposes of the FRS 17 calculations as at 31 March 2008 and 31 March 2007 are shown in the table below.

Assumptions as at	31 March 08 (% p.a.)	Real (% p.a.)	31 March 07 (% p.a.)	Real (% p.a.)
Price increases	3.6%	0%	3.2%	0%
Salary increases	5.1%	1.5%	4.7%	1.5%
Pension increases	3.6%	0%	3.2%	0%
Discount rate	6.9%	3.2%	5.4%	2.1%

Fair Value and Expected Return on Assets

The expected return on assets is based on the long term future expected investment return for each asset class at the beginning of the period (i.e. as at 31 March 2008).

The expected returns as at 31 March 2008 and 31 March 2007 are shown in the table below.

Asset Class	Expected Return at 31 Mar 2008 (% p.a.)	Asset Class	Expected Return at 31 March 2007 (% p.a.)
Equities	7.5%	Equities	7.7%
Target return funds	6.3%	Target return funds	6.4%
Alternate assets	6.7%	Alternate assets	6.8%
Cash	4.8%	Cash	4.9%

Net Pension Asset/(Liability) as at	31 March 2008 £'000	31 March 2007 £'000
Estimated Employer Assets	2,075	818
Present Value of Scheme Liabilities	(1,962)	(1,625)
Present Value of Unfunded Liabilities	0	0
Total Value of Liabilities	(1,962)	(1,625)
Net Asset/(Liability)	113	(807)

Movement in Surplus / Deficit During Year	Year to 31 March 2008 £'000
Surplus / (deficit) at beginning of the year	(807)
Current Service Cost	(216)
Employer contributions	175
Contributions in respect of Unfunded benefits	0
Other income	0
Other outgoing (e.g. expenses etc)	0
Past service costs	0
Impact of settlement and curtailments	0
Net return on assets	(28)
Actuarial gains / (losses)	989
Surplus / (deficit) at the end of year	113

Analysis of projected amount to be charged to operating profit for year to 31 March 2009

Period to Amount Charged to Operating Profit	Period to 31 March 2009 £'000	Period to 31 March 2009 % of Payroll
Service Cost	156	10.6%
Past Service Costs	36	2.4%
Curtailment and Settlements	0	0
Decrease in irrecoverable surplus	0	0
Total Operating Charge	192	13.0%
Projected Amount Credited to Other Finance Income		
Expected Return on Employer Assets	156	10.6%
Interest on Pension Scheme Liabilities	(145)	(9.9%)
Net return	11	(0.7%)
Estimated Net Revenue Account Cost	181	12.3%

Analysis of amount recognised in Statement of Recognised Gains and Losses (SRGL)

	Year to 31 March 2008 £'000
Actual return less expected return on pension scheme assets	(88)
Experience gains and losses arising on the scheme liabilities	685
Changes in assumptions underlying the present value of the scheme liabilities	392
Actuarial Gain / (Loss) in pension plan	989
Increase / (decrease) in irrecoverable surplus from membership fall and other factors	0
Actuarial Gain / (Loss) Recognised in SRGL	989

Disclosure of registered interests by Board Members and higher paid employees

The following interests have been properly declared for the period to 31 March 2008:

Board Members

Lorraine Baldry – Chairman

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

John Biggs – Deputy Chair

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

Ohid Ahmed – Board Member

Leaside Regeneration Ltd – Employee
London Borough of Tower Hamlets – Councillor
Thames Gateway London Partnership – Board Member
City Fringe Partnership – Board Member
Tower Hamlets Homes (Shadow Board Member)

Imtiaz Farookhi – Board Member

NHBC – Director
BBA Ltd – Director
SEEDA – Board Member
Land Data Ltd – Board Member
IF Consultants – Director
CITB Construction Skills – Board Member

Ken Giles – Board Member

KRG Consulting Ltd – Own Company
Greater Manchester Passenger Transport Executive – Non-Executive Director
Oxford Infracare Lift Co – Non-Executive Director
Ruskin Anglia University – Business Advisor (Visiting Professor)
Warriner School – Chair of Governors
National Skills Academy for Manufacturing - Consultant

Stan Hornagold – Board Member

Marstan Group – Director
Construction Industry Council – Executive Board Member
BDB Surveying Services – Partner

Sid Kallar – Board Member

London Borough of Barking and Dagenham – Councillor
Thames Gateway London Partnership – Executive and Board Member
Barking Riverside Board – Non-voting Member
Adult College of Barking and Dagenham – Chair

Conor McAuley – Board Member

London Borough of Newham – Councillor
Gateway to London Ltd – Non-Executive Director
Newham Primary Care Trust – Non-Executive Director
Olympic Delivery Authority – Planning Committee Member
Royal Docks Management Authority Ltd – Non-Executive Director

Guy Nicholson – Board Member

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

Atul Patel – Board Member

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

Dru Vesty – Board Member

Estea Ltd – Own Company
 Olympic Delivery Authority – Planning Committee Member
 HM Courts Services – JP City of London Bench

Michael White – Board Member

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

John Worthington – Board Member

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

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

PricewaterhouseCoopers LLP – Chartered Accountants

Alan Clark – Planning Committee Member (Co-opted)

Nottingham City Council – Councillor
 Nottingham Regeneration Limited – City Council Appointee
 Greater Nottingham Partnership – City Council Appointee
 Institute of Community Cohesion, Coventry University – Consultant

Richard Turner – Planning Committee Member (Co-opted)

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

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

1 The annual accounts of London Thames Gateway Development Corporation (hereafter in this accounts direction referred to as "LTGDC") shall give a true and fair view of the income and expenditure and cash flows for the year and the state of affairs at the year end. Subject to this requirement, the annual accounts for the 2006/07 and for subsequent years shall be prepared in accordance with:-

- (a) the accounting and disclosure requirements given in Government Accounting and in, Government Financial Reporting Manual issued by the Treasury ("the FReM"), as amended or augmented from time to time, and subject to Schedule 1 to this direction;
- (b) any other relevant guidance that the Treasury may issue from time to time;
- (c) any other specific disclosure requirements of the Secretary of State;

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

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



Date 30 March 2007

An officer in the Department for Communities and Local Government

Schedule 1

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

Schedule 2 Additional disclosure requirements

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

- 1 The notes to the annual accounts
 - (a) an analysis of grants from:
 - (i) government departments
 - (ii) European Community funds
 - (iii) other sources identified as to each source;
 - (b) an analysis the total amount of grant from the Department for Communities and Local Government, showing how the grant was used;
 - (c) an analysis of grants included as expenditure in the income and expenditure account and a statement of the total value of grant commitments not yet included in the income and expenditure account
 - (d) details of employees, other than Board Members, showing:-
 - (i) the average number of persons employed during the year, including part-time employees, agency or temporary staff and those on secondment or loan to LTGDC, but excluding those on secondment or loan to other organisations, analysed between appropriate categories (one of which is those whose costs of employment have been capitalised)

- (ii) the total amount of loans to employees
 - (iii) employee costs during the year, showing separately:-
 - (1) wages and salaries
 - (2) early retirement costs
 - (3) social security costs
 - (4) contributions to pension schemes
 - (5) payments for unfunded pensions
 - (6) other pension costs
 - (7) amounts recoverable for employees on secondment or loan to other organisations

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

- I employed directly by LTGDC
- II on secondment or loan to LTGDC
- III agency or temporary staff
- IV employee costs that have been capitalised);
- (e) an analysis of liquid resources, as defined by accounting standards;
- (f) in the note on debtors, prepayments and payments on account shall each be identified separately;
- (g) a statement of debts written off and movements in provisions for bad and doubtful debts;
- (h) a statement of losses and special payments during the year, being transactions of a type which Parliament cannot be supposed to have contemplated. Disclosure shall be made of the total of losses and special payments if this exceeds £250,000, with separate disclosure and particulars of any individual amounts in excess of £250,000. Disclosure shall also be made of any loss or special payment of £250,000 and below if it is considered material in the context of the LTGDC's operations.

* (i) particulars, as required by the accounting standard on related party disclosures, of material transactions during the year and outstanding balances at the year end (other than those arising from a contract of service or of employment with LTGDC), between LTGDC and a party that, at any time during the year, was a related party. For this purpose, notwithstanding anything in the accounting standard, the following assumptions shall be made:

- (i) transactions and balances of £5,000 and below are not material
- (ii) parties related to Board Members and key managers are as notified to LTGDC by each individual Board Member or key manager
- (iii) the following are related parties:
 - (1) subsidiary and associate companies of LTGDC
 - (2) pensions funds for the benefit of employees of LTGDC or its subsidiary companies (although there is no requirement to disclose details of contributions to such funds)
 - (3) Board Members and key managers of LTGDC
 - (4) members of the close family of Board Members and key managers
 - (5) companies in which a Board Member or a key manager is a director
 - (6) partnerships and joint ventures in which a Board Member or a key manager is a partner or venturer
 - (7) trusts, friendly societies and industrial and provident societies in which a Board Member or a key manager is a trustee or committee member

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

For the purposes of this sub-paragraph:

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

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



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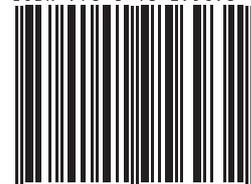
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