



# The Ebbfleet Development Corporation

## Annual Report and Accounts for the year to 31 March 2020

Presented to Parliament pursuant to Schedule 31 of the Local  
Government Planning & Land Act 1980

Ordered by the House of Commons to be printed on 17 December  
2020

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# Performance Report

## Overview:

### 1 - Chairman's report

In March 2020 the UK encountered the Covid 19 pandemic. Its impact caused severe disruption across the entire country. There is uncertainty again given that we have entered another lockdown period, however the announcement of a likely vaccine to be made available during 2021 brings cause for optimism for the future

Prior to the virus outbreak there were some significant Ebbsfleet events in the past financial year that are worthy of comment. Firstly, the EDC was given funds by the Government to acquire the Ebbsfleet Central Area (the majority of the land nearest to the International Station). This means the Corporation will be both the owner and the Planning Authority for the site, giving us much greater capability to drive forward the delivery of the Garden City centre vision. This vision includes a commercial element alongside a residential part. We are therefore now assembling a consultant master planning team to work alongside our own professionals to formulate what this will need to comprise, probably with development partners engaged to deliver the Garden City real estate.

We have also facilitated, on the land used for part of the International Station car park, a temporary HMRC Customs usage to relieve the pressure on processing lorry paperwork at the Channel ports, due to changed arrangements for movements to the EU. The Board willingly responded to the Government plea to have the area made available for this purpose.

Housebuilding volumes continued apace during the year, passing the magic 2,000 mark and all taken up by keen occupiers. A warm welcome to all of them! At the same time we have stepped up our community involvement work and enjoyed enthusiastic support from hundreds of residents through the year.

The Springhead Bridge construction, linking that part of the housing development to the International Station by a shorter route, has now been completed. Already award winning with its careful construction supervision, it is a matter of great pride as the first major infrastructure project facilitated by our investment team - and congratulations to all of them and the contractors.

Thanks very much to our entire staff, who were happily ensconced at the Observatory building (prior to the pandemic) and led by CEO Ian Piper, whose contract with us was extended during the year. As arrangements roll out for my successor as Chairman to be announced, my five years in the job flash by in my mind, with many happy and productive experiences which I am so pleased to have been able to share with you all.

Michael Cassidy CBE  
Chairman, Ebbsfleet Development Corporation

## 2 - Chief Executive's report:

As 2019/20 drew to a close we entered a period of great uncertainty due to the Coronavirus pandemic, not just for Ebbsfleet Development Corporation, but for the whole economy, indeed the whole nation. It has continued to have a profound effect in 2020.

However, despite the challenges that lie ahead, the preceding year, 2019/20, is one that provides a platform of optimism for the future of the Garden City. During this year, Ebbsfleet Development Corporation achieved a great breakthrough in delivering the very heart of the vision for the new community. In October 2019, we completed the acquisition of the freehold interest in 110 hectares of land at Ebbsfleet Central – the area around the International Station - identified within our plan as the commercial and residential heart of the Garden City. Since acquisition we have commenced the intensive work necessary to plan for and deliver this major development. It will require significant effort and resource over the coming years but we are determined and focussed to drive progress on a site that has been stalled for 15 years or more.

Until the Coronavirus brought a sudden halt to housebuilding in the Spring of 2020, we were on track to deliver our target for completion of new homes within the year. In the end, we fell a little short, but this should not mask the tremendous achievement of passing the 2,000th house completion in the Garden City in 2020.

Building a new place and growing a community the size of Ebbsfleet Garden City is a long term project requiring both the long term vision and a constant cycle of delivery of new projects. Individual projects, whether they be major pieces of infrastructure such as Springhead Bridge, or a new community building, follow a cycle of feasibility, design, planning and ultimately delivery on site. Throughout 2019/20 we have invested significant resource into a wide range of feasibility studies that will form the basis of major capital investments in future years – all of which are planned with the new community in mind, and to how we can create the conditions for residents of the Garden City to enjoy a happy and healthy lifestyle.

As the number of residents in the Garden City grows it provides an ideal opportunity to enable them to shape the place they have moved to and invested in. In 2020 we established a new Community Board, with 7 new residents invited to meet regularly with representatives of the Corporation's Board. From their initial feedback it is clear that there is already a strong community spirit developing in Ebbsfleet, a spirit that no doubt will stand the community in good stead as we recover from the impact of the Coronavirus together.

As we continue to deal with a period of uncertainty, I would like to thank the staff of the Corporation for their efforts and achievements for the year, and to the Board for their continued support and guidance.



Ian Piper – Chief Executive

### 3 - Ebbsfleet Development Corporation Purpose and Activities:

The Ebbsfleet Development Corporation (EDC) was established on 20 April 2015 as a statutory body which reports to the Secretary of State for Housing, Communities and Local Government (MHCLG). The Corporation, backed with Government funding, provides the direction, focus and expertise necessary to coordinate investment and facilitate new development at Ebbsfleet which meets the needs of both residents and businesses. It also acts as the catalyst for the regeneration and development of the area, ensuring that any future development benefits the existing residents and businesses in the wider area – including those beyond the Corporation’s boundary.

The Corporation became responsible for the local planning authority powers on 1 July 2015 for the EDC area in respect of planning functions which previously had resided with Dartford Borough Council, Gravesham Borough Council and Kent County Council.

The development of a garden city at Ebbsfleet is a long term programme. To assist with achieving the Garden City vision, during 2019/20 the EDC has continued working with partners and local communities and by investing in key infrastructure.

The Corporation is domiciled in the United Kingdom and conducts its business from The Observatory, Castle Hill Drive, Castle Hill, Ebbsfleet, Kent DA10 1EE. It was previously based at the North Kent Police Station, Gravesend, Kent.

### 4 – Office for National Statistics (ONS) classification of the EDC

In July 2019 the ONS determined that:

“Ebbsfleet Development Corporation (EDC) is an Urban Development Corporation, tasked with responsibilities that include acting as the local planning authority responsible for the development of the Ebbsfleet Garden City area. ONS has assessed the classification status of EDC and has concluded that it is subject to public sector control for reasons including that the Statutory Instrument that established EDC allows the chair and board members to be appointed by the Secretary of State for Housing, Communities and Local Government. The assessment also concluded that EDC is a non-market producer as it is funded primarily by grant-in-aid from the Ministry of Housing, Communities, and Local Government. EDC operates specifically within the geographical area of Ebbsfleet, the grants it receives are used to develop the Ebbsfleet area, and EDC was granted local planning powers which previously resided with three local authorities. Therefore, as EDC has a local sphere of competence, it has been classified to the Local Government subsector (S.1313) with effect from 20 April 2015, the date the Statutory Instrument came into effect”.

Prior to the reclassification, the EDC had been considered and operated as a central government organisation. The EDC has worked with MHCLG / HMT to clarify the impact of the classification change. Most changes are of a technical nature and determine what rules, procedures and governance arrangements apply. One thing that is very clear is that the EDC remains as an Urban Development Corporation and is not a Local Authority.

The MHCLG Permanent Secretary (Accounting Officer) remains accountable for the EDC. The reclassification has not yet had any significant impact on EDC operations but it will lead to some minor changes such as with the governance framework between MHCLG and the EDC. MHCLG funding to the EDC continues under the new classification arrangements.

This Annual Report has been produced on a similar basis to prior years. Any reclassification impacts are highlighted in the relevant sections / note.

## 5 – Key issues and risks affecting delivery of objectives

The key issues faced by the EDC during 2019/20 were:

- The Covid 19 pandemic and the impact this may have locally and nationally
- Seeking solutions to achieve the Garden City central area vision
- Resolving utilities and infrastructure requirements
- Local connectivity and transportation challenges of the Garden City area
- Continued Brexit uncertainty and the impact this may have on housing delivery
- Uncertain timescales for the theme park NSIP / DCO submission

## 6 – Going Concern basis

The financial statements and accounts within this document have been prepared on a going concern basis. Funding for the EDC and project activity relating to the Ebbsfleet Garden City has been confirmed by the Government until 31<sup>st</sup> March 2022 as part of the announced November 2020 Spending Review.

## 7 – Performance Summary

The EDC has agreed 11 Key Performance Indicators (KPIs) and targets with Government for the period 2016-21. An analysis of the Corporation's performance against these KPIs is set out later in this section.

Additionally during 2019/20:

- Complaints to the Local Government Ombudsman – there were none involving the EDC.
- Whistleblowing arrangements – are in place at the EDC but were not used.
- Health and Safety procedures are fully established. There were no incidents.
- Prompt payment directive – The EDC took an average of 8.48 days to pay its supplier invoices in 19/20 (6.67 days in 18/19).
- The EDC has carried out various community building activities.
- Grant funding was used to fund:

	2019/20 £ million	2018/19 £ million
Capital Expenditure	55.4	24.1

The 19/20 Capital expenditure of £55.4m (18/19 £24.1m) comprised of £47.1m (18/19 £10.9m) of new net asset additions (Property, Plant and Equipment, Intangible Assets and Inventory) shown in the Statement of Financial Position (SoFP) on page 29 and £8.3m (18/19 £13.2m) of grants expensed through the Statement of Comprehensive Net Expenditure (SoCNE) on page 28. Grant funding was also utilised to finance revenue expenditure in the year.

## Performance Analysis:

The EDC has a Corporate Plan that covers the period of the EDC's 2015 Spending Review allocation (2016-2021). The Plan includes key performance indicators (KPIs) and targets for this period. A summary of performance as of end March 2020 is set out in the table below.

A fuller description of each KPI and the methodology through which performance is assessed is including in the EDC's 2016-21 Corporate Plan at <https://ebbsfleetdc.org.uk/about-us/our-corporate-plan/>

KPI and 5 year (2016 – 2021) target	Performance as of end March 2020
<p><b>KPI 1: Housing Delivery:</b>  <i>At least 2,800 new home completions will be facilitated by the EDC</i></p>	<p>1,729 homes (61.75 % of the five year target) have been completed in the Corporate Plan period to the 31<sup>st</sup> March 2020. In 2019/20 572 new homes were completed (613 new homes delivered in 2018/19). The EDC'S current assessment is that it will be challenging to deliver the target of 2,800 by the end of 2020/21, primarily because of the uncertainty arising from the Covid-19 pandemic and the potential impact on the housing market. The EDC is continuing to work closely with housebuilders to enable delivery of as many completions as possible in the period.</p> <p>As of end March 2020 there were 2,017 new homes in total in the Garden City, including those delivered prior to the start of the Corporate Plan period.</p>
<p><b>KPI 2: Quality of Homes and Neighbourhoods:</b>  <i>At least 75% of completed homes will achieve a Building for Life 12 'green light' assessment; 100% of completed homes resulting from planning applications approved after 1 April 2018 will achieve this measure</i></p>	<p>The EDC is meeting the 100% Building for Life 12 target for new homes resulting from planning applications approved after 1 April 2018. Based on assessment of housing phases completed to date and projections for future phases, the EDC expects to achieve the Corporate Plan targets.</p>
<p><b>KPI 3: Diversification of Housing:</b>  <i>At least 120 of the completed new homes will be specialist homes (with features included to support older, disabled or vulnerable people). At least 50 of the completed new homes will be self-build/custom build</i></p>	<p>0 specialist homes and 0 self-build/custom build homes have been completed to date.</p> <p>Whilst there are a small number of specialist homes in plans that are expected to be delivered by March 2021, significant numbers of specialist homes will not be delivered until after the end of the KPI measurement period.</p> <p>The EDC does not expect any self-build or custom-build homes to be completed by March 2021. However, the Alkerden Area Masterplan has identified a custom build zone for development after this date.</p>
<p><b>KPI 4: Affordable Homes:</b>  <i>EDC will, through the levers identified, aim to ensure that 30% of homes completed (KPI1) in the period will be 'affordable' as defined in the National Planning Policy Framework</i></p>	<p>As at 31<sup>st</sup> March 2020, 21.2% of homes completed were 'affordable', and this proportion continues to rise.</p> <p>The EDC expects that whilst 30% of all homes delivered in the Garden City in the long term will be affordable, achieving 30% in the Corporate Plan period remains challenging; this is because some of the early schemes were approved with a lower percentage and also some of the affordable homes in current phases will be delivered after the Corporate Plan period has ended.</p>
<p><b>KPI 5: Commercial &amp; Employment Floorspace:</b>  <i>At least 30,000 m2 of new commercial and employment floorspace will be completed</i></p>	<p>24,872m2 completed to 31<sup>st</sup> March 2020 (83% of target).</p> <p>The area of floorspace completed increased significantly this year with completion of the construction of the Berkeley Modular factory at Northfleet East.</p> <p>Additional floorspace coming forward in the next year is expected to enable the achievement of this target.</p>

<p><b>KPI 6: Private Sector Investment:</b>  <i>At least £650m of private sector investment will be levered in to development of the Garden City</i></p>	<p>£414.1 m levered in to 31<sup>st</sup> March 2020 (63.7% of target).</p> <p>As achieving this KPI is closely linked to the delivery of new homes (KPI1), the EDC considers that delivering £650m of private sector investment by the end of the measurement period is at risk.</p> <p><i>Note - calculated using 'Gross Development Value' and also BCIS (Building Cost Information Service) cost data</i></p>
<p><b>KPI 7: New Dedicated Footpaths and Cycle Ways Created:</b>  <i>At least 7.5 km of new or upgraded dedicated footpaths/cycle ways will be created</i></p>	<p>4.59 km completed to 31st March 2020 (61 % of target).  The EDC's end of period forecast is that this target will be achieved.</p>
<p><b>KPI 8: Public Transport Connections:</b>  <i>At least 90% of completed homes to be within 5 minutes walk of a current or future bus route or other public transport connection (100% will be within 10 minutes)</i></p>	<p>Based on assessment of housing phases completed , the EDC expects to achieve this target.</p>
<p><b>KPI 9: Parks, Open Spaces and Recreation Areas:</b>  <i>At least 8 hectares of new or improved parks and open, publicly accessible spaces and recreation areas will be opened</i></p>	<p>As the largest areas of open space due to be completed in the Corporate Plan period have now been opened, including the Castle Hill North East Local Park, and green space at Ebbsfleet Green, the EDC has met this target.</p>
<p><b>KPI 10: Investment in Social and Community Infrastructure:</b>  <i>At least £20m of investment in social and community infrastructure will be levered in</i></p>	<p>£6.8m (34% of target). As a result of additional social and community infrastructure coming forward in the next year, including the school at Springhead Park, the EDC forecasts that this KPI target will be achieved.</p> <p><i>Note - calculated using BCIS (Building Cost Information Service) cost data</i></p>
<p><b>KPI 11: Good Financial Management:</b>  <i>Investment funds recovered in line with project investment business cases. Annual capital and revenue expenditure remain within budget, with the final year end outturn capital position being within a 10% tolerance of the overall annual capital budget</i></p>	<p>The EDC is confident that recoverable investments identified in business cases will be achieved in full.</p> <p>The revenue budget and revised capital budget for 2019/20 was spent within tolerance.</p>

In addition, there are statutory KPI's for the planning service that the EDC is delivering. These are

- 60% of major applications to be determined within 13 weeks or within such extended period as has been agreed in writing between the applicant and the local planning authority. For 2019/20 we achieved 100% (100% in 2018/19).
- 70% of non major applications to be determined within 8 weeks or within such extended period as has been agreed in writing between the applicant and the local planning authority. For 2019/20 we achieved 100% (100% in 2018/19)



Ian Piper - Accounting Officer

11 December 2020

## Accountability Report

### 1 - Corporate Governance Report:

- **Directors' report:**

#### Board Composition during the year to 31 March 2020

The Board is composed of up to 10 members appointed by the Secretary of State for Housing, Communities and Local Government, and the Chief Executive. There are currently two Board vacancies and two positions awaiting confirmation from the Secretary of State .

The EDC Chairman is Michael Cassidy and the Chief Executive is Ian Piper. Board member biography details and a register of members' interests can be found at:

<http://www.ebbsfleetdc.org.uk/about-us/the-board/>

#### Board Members as at 31 March 2020

Name	Date of Original Appointment	Expiry Date / Expired	Reappointed	Expiry Date
Michael Cassidy CBE	20/04/2015	20/04/2020	21/04/2020	21/01/2021
David Holt	20/04/2015	20/04/2018	21/04/2018	20/04/2021
Bob Lane OBE	20/04/2015	20/04/2018	21/04/2018	20/04/2021
Louise Hardy	20/04/2015	20/04/2018	21/04/2018	20/04/2021
Jeremy Kite	20/04/2015	20/04/2018	21/04/2018	20/04/2021
Sandra Fryer	01/12/2017	30/11/2020		

Cllr. John Burden has been attending the EDC Board since June 2019 as Gravesham's nominated representative (replacing Cllr. David Turner). Mike Whiting has been attending the Board since November 2019 as Kent CC's nominated representative (replacing Mark Dance). Formal confirmation of these Board appointments is awaited from the MHCLG Secretary of State.

#### Board and committee attendance

Attendance as a member at EDC Board and committee meetings during the year is as follows. For each committee, attendance by the member is shown followed by the number of times each committee met during that member's tenure.

Name	Board	Audit and Risk	Planning	Remuneration
Michael Cassidy CBE	11/11	-	2/2**	*
David Holt	9/11	4/4	-	*
Bob Lane OBE	10/11	3/4	2/2**	-
Louise Hardy	8/11	3/4	-	*
Jeremy Kite	8/11	-	-	-
Sandra Fryer	10/11	-	4/4	-
Ian Piper	11/11	-	-	-

Board Members who resigned / left during 19/20	Board	Audit and Risk	Planning	Remuneration
David Turner	0/1	-	-	-
Mark Dance	2/5	-	-	*

#### Non Board Members (Planning Committee)

Name	Board	Audit and Risk	Planning	Remuneration
Derek E Hunnisett	-	-	4/4	-
Rev. Penny Marsh	-	-	4/4	-
Chris Hall	-	-	4/4	-
Michael Payne	-	-	4/4	-

\* The Remuneration Committee did not meet formally during the year but dealt with matters by written representation.

\*\* Planning Committee attendance was split between the two Board Members shown.

Information security risk

The Senior Information Risk Owner has confirmed that the annual assessment for 2019/20 shows full compliance with HM Government's Security Policy Framework and other regulatory requirements. During 2019/20 one mobile phone was reported missing. There were no incidents reported to the Information Commissioner during the year as no personal data was lost.

- **Statement of Accounting Officer's responsibilities**

Under the Local Government, Planning and Land Act 1980, the Secretary of State has directed the Ebbsfleet Development Corporation to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Ebbsfleet Development Corporation and of its net resource outturn, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Accounting Officer of MHCLG designated the current Chief Executive Officer as Accounting Officer of the Ebbsfleet Development Corporation from 25 September 2017.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, keeping proper records and safeguarding the Ebbsfleet Development Corporation's assets, are set out in Managing Public Money published by the HM Treasury.

As Accounting Officer I confirm that, as far as I am aware, there is no relevant audit information of which the entity's auditors are unaware, and that as Accounting Officer I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

As Accounting Officer I confirm that the annual report and accounts as a whole are fair, balanced and understandable and that I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

- **Governance Statement**

### **Introduction**

This Governance Statement provides an overview of the control structure of the Ebbsfleet Development Corporation. It explains the stewardship of the organisation and how the EDC has responded to the risks, opportunities and challenges it has faced over the past year, and looks ahead to those it faces going forward.

### **Scope of responsibility**

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the EDC's policies, aims and objectives. I also ensure that the EDC operates to a high standard of probity and uses its resources efficiently, economically and effectively, in accordance with the responsibilities assigned to me by the Principal Accounting Officer of the Ministry of Housing, Communities and Local Government (MHCLG) and as defined in Managing Public Money.

### **Accountability Arrangements**

I was appointed the EDC Accounting Officer on the 25 September 2017. As Accounting Officer, I am responsible across the EDC as a whole for ensuring:

- regularity and propriety
- affordability
- value for money
- accounting accurately for the organisation's financial position and transactions

The Accounting Officer responsibility covers all aspects of the EDC's operations.

A scheme of internal delegations is in place that enables the day-to-day management of the EDC to be shared with the Executive Directors of the EDC. The scheme of delegations is kept under review throughout the year and was last approved by the Board in July 2020.

### **Relationships between the EDC and MHCLG**

The relationship between the EDC and MHCLG is formally governed by a detailed framework document (which is being updated by MHCLG to reflect the ONS classification change) and a supporting sponsorship infrastructure. The detailed plans and priorities for the EDC are set out in the approved Corporate Plan and annual Business Plans.

The EDC sponsorship function is located in a team within the MHCLG's Arm's-Length Body Sponsorship Division. I have regular meetings with officials of MHCLG including a monthly Delivery Group meeting and a quarterly Accounting Officer meeting. The EDC risk register is regularly reviewed at that meeting along with the EDC's performance.

MHCLG representatives attend the EDC Board, Audit and Risk Committee meetings, and the Infrastructure and Investment Panel, all of which help to strengthen the understanding between the two organisations.

### **EDC Board**

The Board is presented with a range of information at each meeting. This includes both financial information such as budgets, expenditure and receipts, actuals, forecasts and variances together with non-financial information regarding progress towards the achievement of agreed output targets.

The EDC has complied in all material aspects with the "Corporate Governance in Central Government Departments: Code of Good Practice" as it applies to arm's length bodies.

In March 2020 the Board have carried out their annual Effectiveness Review for 2019/20 and discussed this at their meeting on 20th May 2020. The Board noted the results of the review, which were largely positive. The key area noted by the Board where its effectiveness could be improved was the interaction between the Board and MHCLG as Sponsor. Board agreed this would be the main area to focus on over the coming months

### **The EDC Board and its Committees**

Board Members have collective corporate responsibility for ensuring that the EDC discharges its functions effectively and efficiently in accordance with the Framework Document; fulfils the overall aims, objectives and the priorities approved by the Secretary of State in the Corporate Plan; follows all guidance and directions issued by the Secretary of State; and ensures that the EDC complies with all statutory or administrative requirements relating to the use of public funds.

The EDC Board currently operates three committees:

- Audit and Risk Assurance Committee
- Planning Committee
- Remuneration Committee

There is also an Infrastructure and Investment Panel which Board Members attend.

#### **Audit and Risk Assurance Committee**

The committee supports the Accounting Officer and the EDC Board in their responsibilities for risk control, governance, financial stewardship and financial and statutory reporting. It reviews the comprehensiveness of assurances and reporting processes, consistent with the Accounting Officer's assurance needs. Meetings are attended by representatives of the National Audit Office (NAO), the Government Internal Audit Agency (GIAA), and MHCLG. It met 4 times during the year and considered the EDC's risk management arrangements, assurance controls, accounting and budgeting implications of the EDC's capital programme, as well as assurance mapping, the outcomes of internal audit reports and the annual report and accounts.

#### **Planning Committee**

The EDC became the local planning decision-making authority from 1 July 2015. The Planning Committee determines Development Management (planning) applications. It met 4 times during the year to consider and determine planning applications.

#### **Remuneration Committee**

The committee advises the Board on pay and reward matters. It oversees the development of the corporation's pay structure and reward policies. It met informally during the year (via written representation) to deal with remuneration and staff policy matters.

#### **Infrastructure and Investment Panel**

The Infrastructure and Investment Panel (IIP) was established to ensure early input from Board Members on projects being developed to address our priorities. The IIP is chaired by the EDC Chief Executive and comprises both senior officers and Board Members. It monitors the 40 plus projects the EDC is currently engaged in. IIP papers are sent to all Board Members and there is regular attendance by at least three. The IIP met 9 times in the year.

#### **2019/20 Activity**

During March 2020 the Covid 19 pandemic severely impacted the UK. Prior to that, throughout 2019/20 the EDC had continued to work with landowners, developers and other partners to ensure delivery of the Garden City. 8 housebuilders and developers had been active on site during the year, and the Corporation met its annual target of enabling 572 new homes. As of the end March 2020 there are 2,017 new homes in the Garden City. There is outline planning permission for 12,045 homes in total, and during the year the Corporation determined 149 planning applications.

In October 2019 the Corporation acquired the freehold interest of land at Ebbsfleet Central (110 hectares). The Corporation aims to unlock the stalled site in order to deliver the full potential of the Garden City. It is proposed that the site will deliver a new commercial and residential centre providing jobs, homes, community and cultural facilities based around the International Station.

During the year the Corporation continued to invest in the core building blocks for the Garden City including in utilities, upgrades to major strategic highway junctions and the rapid transit bus network. Construction of the new Springhead bridge was completed over the summer of 2020 and the highway over the bridge is open. The EDC also continued its regeneration activity in the Grove Road area including commencing land assembly.

There was also strong progress in developing the many other elements that make Ebbsfleet Garden City a great place to live and work, such as community centres, leisure and cultural events and facilities. EDC allocated over £19,000 in 10 local projects through the Community investment Fund. The strategy for the future legacy / stewardship of the Garden City has been progressed during the year with ongoing discussions with Government about its form and structure.

The Corporation is well set to continue delivery of the Garden City vision and to overcome any of the remaining challenges. However, the impact of Covid 19 causes a major uncertainty.

#### **The Risk Management process**

The risk management process is integrated and multi-layered within the EDC. It operates from both a top down perspective, through the identification of strategic risks and a bottom up process, through the identification of risks associated with individual projects, programmes and activities. The risk reporting regime aims to ensure that responses to risks are effective and that emerging risks are escalated in a timely fashion.

Key methods of embedding risk management in the activity of the business include:

- risk identification, assessment and mitigation plans included in corporate and business plans

- routine consideration of risk in all project investment decision making processes – and these are reviewed and monitored by the IIP
- regular review of the risk registers for projects, programmes, operating areas and the strategic corporate risk register
- regular risk management reporting to senior management, with challenge and review at the Audit and Risk Assurance Committee and the Board

Specific arrangements are in place to ensure that information risk is appropriately dealt with. The Senior Information Risk Officer is the Accounting Officer. Directors and staff collectively monitor compliance with the Security Policy Framework issued by the Cabinet Office including the mandatory data handling guidelines and aims to ensure that information security is aligned with mainstream business.

Risks monitored during the year were:

- Delivery of the Garden City central area vision
- Resolving utilities and infrastructure requirements
- Local connectivity and transportation challenges of the Garden City area
- Continued Brexit uncertainty and the impact this may have on housing delivery
- Uncertain timescales for the theme park NSIP / DCO submission

In March 2020 the UK encountered the Covid 19 pandemic. This ongoing pandemic is clearly a major risk not just for the Garden City but nationally and globally.

### **The system of internal control**

The system of internal control is designed to manage risk to an acceptable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives, to ensure the safeguarding of assets, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The Corporation's self-assurance process has continued to evolve during the year and is assisting the internal control mechanisms.

### **Key control systems**

The EDC operates a range of key controls covering policies and procedures, resource allocation, appraisal methodologies, IT systems, reporting routines, delegations of authority and many others to mitigate risks to within acceptable levels. The corporate and business planning processes set out the EDC's objectives and resource allocation, and establish budgets and targets against which performance is ultimately judged.

Reporting and monitoring routines have been established for the investment programme and project activity. These enable progress to be tracked, forecasts to be made and corrective action to be taken where this is deemed necessary. Operating costs are also routinely monitored and reported in this way.

### **Significant control issues**

There have been no significant control issues.

### **Independent assurance arrangements**

The EDC uses the Government Internal Audit Agency (GIAA) to provide an Internal Audit function. They provide independent assurance across all of the EDC's governance, risk and control arrangements, and operate in accordance with Public Sector Internal Audit Standards. The EDC is subject to external audit by the NAO.

### **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 has been informed by the work of Internal Audit, the assurances provided by the Executive Directors of the EDC who collectively and individually have responsibility for the development and maintenance of the internal control framework through their management assurance statements and comments made by the NAO acting as external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Risk Assurance Committee and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

The system of internal control is subject to ongoing review, and this process is coordinated and managed through the Audit and Risk Assurance Committee who in turn provide both regular feedback to the main Board and an annual report and overall opinion on the system of internal control.

The Audit and Risk Assurance Committee bases its judgment on the reports and opinions of Internal Audit, updates provided by the National Audit Office, internal risk reports, externally commissioned reviews, reports on the preparation of the Financial Statements and reports from the Senior Information Risk Officer.

Internal Audit has performed a programme of independent and objective reviews, in accordance with the Public Sector Internal Audit Standards and other work to provide assurance on the system of internal control.

Internal Audit update their programme of work during the year to reflect changes in the risk profile and assurance requirements. The outcome of their work has been regularly reported to me, the Audit and Risk Assurance Committee, the NAO and MHCLG. There is a rigorous process in place to follow up the implementation of actions agreed as part of their work.

### **Internal Audit**

The 19/20 Internal Audit work-plan included three reviews;

- Statutory Planning function - moderate opinion
- EDC owned sites – Health and Safety – moderate opinion
- Key Financial Controls – substantial opinion

### **Internal Audit opinion**

The overall Internal Audit opinion for the period ended 31 March 2020, based on the three reviews above, resulted in an overall moderate opinion for governance, risk management and control.

### **Future challenges**

The Covid 19 pandemic is a significant challenge and the EDC is following all the Government guidelines in how to deal with and manage the implications.

Having acquired the land at Ebbsfleet Central we now need to undertake a significant amount of technical, planning and promotional activity to create the platform for future delivery of the heart of the Garden City. With land ownership also comes new and different responsibilities around asset management and site-wide health and safety issues, so we need to ensure that we have the skills to manage these appropriately.

The number of new residents in the Garden City area continues to grow and this brings new challenges and pressures. The EDC is the fulcrum for everything that happens in the Garden City so our level of engagement with the residents over the issues affecting their day to day lives is increasing. We need to be able to respond to this, without assuming responsibility for matters over which we have no jurisdiction.

The EDC continues to deliver the objectives as set out in the EDC Corporate Plan and the Implementation Framework.

### **ONS Reclassification**

The MHCLG Permanent Secretary (Accounting Officer) remains accountable for the EDC. MHCLG will retain a similar level of governance arrangements going forward. The precise arrangements will be reviewed as part of the sponsorship impact assessment process during 2020/21.

### **Conclusion**

Based on the content of this report, assurances I have received from senior management, from the Board and Audit and Risk Assurance Committee and the reports from internal and external auditors, I am satisfied that appropriate governance arrangements were in place during 2019/20.



Ian Piper - Accounting Officer

11 December 2020

**2 - Remuneration and Staff Report:**

Total staff costs (excluding non-executive board members' costs) are:

Staff Costs comprise:	Permanently Employed Staff	Agency/ Temporary Staff	Seconded Staff	Year ended 31 March 2020	Year ended 31 March 2019
	£000	£000	£000	£000	£000
Wages & Salaries	1,461	737	209	2,407	1,874
Social Security Costs	171	0	25	196	184
Other Pension Costs	544	0	49	593	486
<b>Net Total</b>	<b>2,176</b>	<b>737</b>	<b>283</b>	<b>3,196</b>	<b>2,544</b>

The pension costs in the table are included on an IAS19 basis. The information in the table above is audited.

As at the 31 March 2020, 27.3 permanent staff were in post (31 March 2019 = 29)

Non-Executive Board Member' Costs	Year to 31 March 2020 £000	Year to 31 March 2019 £000
Board Members' Fees	116	122
Social Security Costs	11	10
Pension Costs	N/A	N/A
<b>Total Board Members' costs</b>	<b>127</b>	<b>132</b>

Non-Executive Board Member Remuneration (in bands)	Year to 31 March 2020 £000	Year to 31 March 2019 £000
Michael Cassidy CBE      Chair	55-60	55-60
David Holt                  Deputy Chair	15-20	15-20
Bob Lane OBE              Board Member	10-15	10-15
David Lock CBE            Board Member	n/a	5-10
Louise Hardy               Board Member	10-15	10-15
Sandra Fryer                Board Member	15-20	10-15

The information in the table above on Non-Executive Board Member Remuneration is audited.

In addition to the board members listed, there are also representatives of the three local councils (Dartford BC, Gravesham BC, and Kent CC) on the EDC board (see section 1 of the Accountability Report for details of the post holders). These positions are not remunerated, nor do they have any pension entitlement, therefore none of the post holders received any remuneration payments from the EDC.

The other EDC non-executive board members are entitled only to their remuneration, plus travel expenses in accordance with the corporation's expenses policy. They do not have any pension entitlement. No bonus or performance pay was made to any board member in 2019/20.

The Chairman has a time commitment of up to two days per week. The Deputy Chair and the Planning Committee Chair each have a time commitment of up to 3 days per month, whilst the other board members have a time commitment of up to 2 days per month.

The Chief Executive is a member of the board, but the costs of the role are included within staff costs (seconded staff).

### The Executive Senior Management Team

The Executive Team is led by Ian Piper, the Chief Executive, who is on a fixed term secondment from Homes England. The Executive Team is responsible for delivering the strategy set by the Board. All permanent directors have to date been classed as Senior Civil Servant equivalents.

### Permanent Executive Directors

	Name	Position	Year ended 31 March 2020				Year ended 31 March 2019			
			Salary received in period – range	Non-Consolidated Performance Award - range	Accrued Pension Benefits over the period (to the nearest £1,000)	Total remuneration in period – range	Salary received in period – range	Non-Consolidated Performance Award - range	Accrued Pension Benefits over the period (to the nearest £1,000)	Total remuneration in period – range
			£000	£000	£000	£000	£000	£000	£000	£000
1	Gerard Whiteman	Director of Finance	80-85	0-5	26	110-115	80-85	0-5	26	110-115
2	Julia Gregory	Director of Projects	100-105	0-5	31	135-140	100-105	0-5	31	135-140
3	Mark Pullin	Chief Planning Officer	85-90	0-5	28	115-120	85-90	0-5	27	115-120

The information on Permanent Executive Directors Remuneration above is audited.

The permanent employees shown above did not receive any benefits in kind in either year.

In line with the FReM, the Accrued Pension Benefits shown above represent the real increase in pension accrued over the period (shown in the following table) multiplied by 20 years, less the individual's own contributions made in the year.

The 'Salary' column consists of gross salary. The EDC did not pay recruitment or retention amounts or any other allowances. Remuneration levels for the Directors were agreed with MHCLG at the time of hiring. Any proposed changes in remuneration are in line with government policy on senior salaries, and are considered first by the Remuneration Committee before being submitted for approval by MHCLG. Appointments are on open-ended service contracts which do not contain any pre-determined compensation on termination of office. Employees of the Corporation have notice periods of one month with some Directors on three months notice.

In 2019/20 the 3 Directors each received a £800 non-consolidated performance payment relating to 2018/19 performance. Performance pay is in line with government policy and subject to approval from MHCLG.

**Permanent Executive Directors' Pension disclosures:**

	Accrued pension at age 65 at 31 March 2020 £'000	Real increase in pension at age 65 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2020 £'000	Cash Equivalent Transfer Value (CETV) at 31 March 2019 £'000	Real increase in Cash Equivalent Transfer Value (CETV) £'000
Gerard Whiteman	5-10	0-2.5	105	75	13
Julia Gregory	5-10	0-2.5	95	62	15
Mark Pullin	20-25	0-2.5	229	182	10

The information in the table above is audited.

**Interim and Fixed Term Executive Directors**

	Name	Position	Year ended 31 March 2020			Year ended 31 March 2019		
			Fees paid during the year – range £000	Benefits in Kind £000	Total – range £000	Fees paid during the year – range £000	Benefits in Kind £000	Total – range £000
1	Ian Piper	Chief Executive (seconded)	235-240	5.9	240-245	205-210	4.9	210-215

- Ian Piper** is on secondment from Homes England (formerly the Homes and Communities Agency) at a salary range of £145k-£150kpa (18/19 £135k- £140k pa). The charges shown above include employer's NICs and pension contributions, and non-reclaimable VAT.

The information in the table above is audited.

**Reporting of compensation schemes/exit packages**

There were no compensation schemes or exit packages during 2019/20 or 2018/19. This information is audited.

## Fair Pay

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in the Ebbsfleet Development Corporation in the financial year 2019/20 was £145k-£150k (18/19 £135k-£140k). This was 2.85 (18/19 2.63) times the median remuneration of the workforce, which was £50k-£55k (18/19 £50k-£55k). No employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £20k-£25k to £145k-£150k FTE (18/19 £15k-£20k to £135k-£140k FTE).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

	Year ended 31 March 2020 £000	Year ended 31 March 2019 £000
Mid point of Band of Highest Paid Director's Total	145-150	135-140
Median Total Remuneration	51.8	52.2
<b>Ratio</b>	<b>2.85</b>	<b>2.63</b>

The information on fair pay disclosures above is audited.

## Staff Report

	Staff Numbers (FTE)	Permanently Employed Staff	Agency/ Temporary Staff	Seconded Staff	Total
<b>In post at 31 March 2020</b>	Male	11.0	6.3	1	18.3
	Female	16.3	4.4	0.8	21.5
	Total	27.3	10.7	1.8	39.8
<b>In post at 31 March 2019</b>	Male	11.8	6.6	1	19.4
	Female	17.2	3.6	1	21.8
	Total	29.0	10.2	2	41.2

The above table includes 4 Directors (18/19 4FTE) – the gender split as at 31<sup>st</sup> March 2020 was 3 male:1 female (18/19 3 male: 1 female).

The average number of persons (FTE) employed during the period to 31 March 2020 was 27.5 (27.1 18/19) permanent/ fixed term, 10.3 (4.6 18/19) agency/temporary, and 1.8 (1.8 18/19) seconded. The information on average FTE staff numbers is audited.

For the year to 31 March 2020, 87.5 (70 18/19) working days were lost to staff sickness absence.

**Off-Payroll Disclosures**

For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last longer than 6 months

	Year ended 31 March 2020	Year ended 31 March 2019
No. of existing engagements as of year end	9	10
Of which...		
No. that have existed for less than one year at time of reporting.	2	9
No. that have existed for between one and two years at time of reporting.	7	1
No. that have existed for between two and three years at time of reporting.	0	0
No. that have existed for between three and four years at time of reporting.	0	0
No. that have existed for four or more years at time of reporting.	0	0

These off-payroll engagements (paid via an agency or third party) relate to external Project Managers who have been procured to lead work on Transport, Parks & Open Spaces, Green Corridors, and Stewardship, as well as providing professional services to the construction phase of the Springhead Bridge project.

For all new off-payroll engagements, for more than £245 per day and that last longer than 6 months, or those that reached 6 months duration between 1st April 2019 and 31st March 2020,

	Year ended 31 March 2020	Year ended 31 March 2019
No. of new engagements, or those that reached six months in duration, in financial year...	3	9
No. assessed as caught by IR35	0	0
No. assessed as not caught by IR35	3	9
No. engaged directly (via PSC contracted to department) and are on the departmental payroll	0	0
No. of engagements reassessed for consistency/assurance purposes during the year.	0	10
No. of engagements that saw a change to IR35 status following the consistency review.	0	0

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1st April 2019 and 31st March 2020

	Year ended 31 March 2020	Year ended 31 March 2019
Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility.	0	0
Total no. of individuals both <b>on and off pay-roll</b> that have been deemed "board members and/or senior officials with significant financial responsibility", during the financial year. The total figure must include engagements which are <b>ON PAYROLL</b> as well as those off-payroll	10	12

**Staff Policies** - a wide range of staff and employment related policies have been approved by the Board. A Gifts and Hospitality Register is maintained by the Corporation and is examined annually by the Audit & Risk Assurance Committee.

During the year the Corporation gave full and fair consideration to all applications for employment made by disabled persons, having regard to their particular aptitudes and abilities.

No employees of the Corporation have become disabled persons during the period when they were employed by the Corporation; The Corporation fully supports the training, career development and promotion of disabled persons employed by it.

The Corporation incurred nil expenditure on consultancy (nil 2018/19).

### Loans to employees

There is one season ticket loan to an employee. As at the 31 March 2020 the outstanding value of this loan totalled £1,497 (£1,386, 2018/19).

### Pensions

The Local Government Pension Scheme (LGPS) is a funded multi-employer defined benefit scheme. For 2019/20 employers' contributions of £233k (18/19 £215k) were payable to the LGPS, being 16.2% (18/19 16.2%) of pensionable pay of participating members. From April 2020 the employer contribution rate increases to 17.1%.

### **3 - Parliamentary Accountability Disclosures:**

The parliamentary accountability disclosures below have been audited

Losses and Special Payments - None

Remote Contingent Liability – None

Fees and Charges – The Corporation generates income from planning fees based on the Town and Country Planning (Fees for Applications, Deemed Applications, Requests and Site Visits) (England) Regulations 2012'. A list of current charges can be found here:

[http://www.legislation.gov.uk/ukxi/2012/2920/pdfs/ukxi\\_20122920\\_en.pdf](http://www.legislation.gov.uk/ukxi/2012/2920/pdfs/ukxi_20122920_en.pdf)

<b>Analysis of Fees &amp; Charges</b>	<b>2019/20 Income Received £000</b>	<b>Cost of delivering service £000</b>	<b>Surplus/ (Deficit) of income v cost of service £000</b>	<b>2018/19 Income Received £000</b>
Planning Fees	311	792	(481)	70
S.106 contributions – EDC Utilised	0	0	0	0
<b>Total Fees &amp; Charges</b>	<b>311</b>	<b>792</b>	<b>(481)</b>	<b>70</b>



Ian Piper - Accounting Officer

11 December 2020

## **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT**

### **Opinion on financial statements**

I certify that I have audited the financial statements of the Ebbsfleet Development Corporation for the year ended 31 March 2020 under the Local Government, Planning and Land Act 1980. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Ebbsfleet Development Corporation's affairs as at 31 March 2020 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Local Government, Planning and Land Act 1980 and Secretary of State directions issued thereunder.

### **Emphasis of Matter**

I draw attention to Notes 1 and 8 to the financial statements, which explain that due to the impact of COVID-19 on the property market, there is a material valuation uncertainty associated with the Ebbsfleet Development Corporation's inventory assets. Consequently, less certainty and a higher degree of caution should be attached to this valuation than would normally be the case. My opinion is not modified in respect of this matter.

### **Opinion on regularity**

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

### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Ebbsfleet Development Corporation in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Ebbsfleet Development Corporation's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Ebbsfleet Development Corporation have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Ebbsfleet Development Corporation's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### **Auditor's responsibilities for the audit of the financial statement**

My responsibility is to audit, certify and report on the financial statements in accordance with the Local Government, Planning and Land Act 1980.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ebbsfleet Development Corporation's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the Ebbsfleet Development Corporation's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ebbsfleet Development Corporation's ability to continue as a going concern. If I conclude that

a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause Ebbsfleet Development Corporation to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the [income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Other Information**

The Accounting Officer is responsible for the other information. The other information comprises information included in the Performance Report and Accountability Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Local Government, Planning and Land Act 1980;
- in the light of the knowledge and understanding of the Ebbsfleet Development Corporation and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

**Report**

I have no observations to make on these financial statements.

**Gareth Davies**

**Date** 11<sup>th</sup> December 2020

**Comptroller and Auditor General**

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

## Financial Statements

### Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

	Note	Year ending 31 March 2020 £000	Year ending 31 March 2019 £000
Capital Receipts (S106 contributions)	3	(3,370)	(2,954)
Other Income	3	(704)	(631)
<b>Total operating income</b>		<b>(4,074)</b>	<b>(3,585)</b>
Staff costs	2.1	3,196	2,544
Purchase of goods and services	2.2	3,382	3,853
Depreciation and Amortisation	4&5	55	70
Impairment – Intangible Assets	5	0	19
Impairment - Inventory	8	3,529	78
Other operating expenditure – grants	2.3	8,611	13,534
		<b>18,773</b>	<b>20,098</b>
Interest on pension fund	14	22	16
Pension Administration Costs	14	1	0
<b>Net expenditure for the year</b>		<b>14,722</b>	<b>16,529</b>
<b>Other comprehensive net expenditure</b>			
Return on pension fund assets in excess of interest	14	118	(35)
Other actuarial gain on assets	14	(2,085)	0
Change in financial assumptions	14	(878)	93
Change in demographic assumptions	14	(215)	(29)
Experience loss on defined benefit obligation	14	3,423	0
<b>Comprehensive net expenditure for the year</b>		<b>15,085</b>	<b>16,558</b>

The notes on pages 32 to 47 form part of these accounts

**Statement of Financial Position  
as at 31 March 2020**

	Note	31 March 2020 £000	31 March 2019 £000 <b>AS RESTATED</b>	1 April 2018 £000 <b>AS RESTATED</b>
<b>Non-current assets:</b>				
Property, plant & equipment	4	16,212	12,142	3,924
Intangible assets	5	24,842	20,522	19,631
<b>Total non-current assets</b>		<b>41,054</b>	<b>32,664</b>	<b>23,555</b>
<b>Current Assets:</b>				
Trade receivables & other current assets	7	2,384	2,255	3,078
Inventory	8	36,720	1,619	0
Cash & cash equivalents	9	2,955	1,860	549
<b>Total current assets</b>		<b>42,059</b>	<b>5,734</b>	<b>3,627</b>
<b>Total assets</b>		<b>83,113</b>	<b>38,398</b>	<b>27,182</b>
<b>Current liabilities:</b>				
Trade payables & other current liabilities	10	1,363	2,771	3,471
<b>Total current liabilities</b>		<b>1,363</b>	<b>2,771</b>	<b>3,471</b>
<b>Total assets less current liabilities</b>		<b>81,750</b>	<b>35,627</b>	<b>23,711</b>
<b>Non-current liabilities:</b>				
Non-current liabilities	11	313	0	0
Pension deficit	14	1,704	1,009	729
<b>Total non-current liabilities</b>		<b>2,017</b>	<b>1,009</b>	<b>729</b>
<b>Total assets less total liabilities</b>		<b>79,733</b>	<b>34,618</b>	<b>22,982</b>
<b>Taxpayers' equity and other reserves:</b>				
General Reserve		81,437	35,627	23,711
Pension Reserve	14	(1,704)	(1,009)	(729)
<b>Total equity</b>		<b>79,733</b>	<b>34,618</b>	<b>22,982</b>



Ian Piper - Accounting Officer

11 December 2020

The notes on pages 32 to 47 form part of these accounts

**Statement of Cash Flows  
for the year ended 31 March 2020**

	Note	Year ending 31 March 2020 £000	Year ending 31 March 2019 £000 <b>AS RESTATED</b>
<b>Cash flows from operating activities</b>			
Net operating cost		(14,722)	(16,529)
Adjustments for non-cash transactions:			
Depreciation, amortisation & impairment	4,5 & 8	3,584	167
Decrease in trade and other receivables	7	(129)	822
Decrease in trade and other payables	10 & 11	(1,095)	(700)
Increase in Inventory	8	(38,630)	(1,697)
Increase in pension deficit	14	695	280
Remeasurement of pension net assets/liabilities	14	(363)	(29)
<b>Net cash outflow from operating activities</b>		<b>(50,660)</b>	<b>(17,686)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4	(4,101)	(8,253)
Purchase of intangible assets	5	(4,344)	(944)
<b>Net cash outflow from investing activities</b>		<b>(8,445)</b>	<b>(9,197)</b>
<b>Cash flows from financing activities</b>			
Grants from sponsoring department	15	60,200	28,194
<b>Net financing</b>			
Net increase in cash and cash equivalents in the period	9	1,095	1,311
Cash and cash equivalents at the beginning of the period	9	1,860	549
<b>Cash and cash equivalents at the end of the period</b>	9	<b>2,955</b>	<b>1,860</b>

The notes on pages 32 to 47 form part of these accounts

**Statement of Changes in Taxpayers' Equity**  
**For the year ended 31 March 2020**

	Note	General Reserve	Pension Reserve	Total
		£000	£000	£000
<b>Balance at 31 March 2019</b>		<b>35,627</b>	<b>(1,009)</b>	<b>34,618</b>
Grants from MHCLG		60,200	0	60,200
Comprehensive net expenditure for the year		(15,085)	0	(15,085)
Transfers between Reserves		695	(695)	0
<b>Balance at 31 March 2020</b>		<b>81,437</b>	<b>(1,704)</b>	<b>79,733</b>

	Note	General Reserve	Pension Reserve	Total
		£000	£000	£000
<b>Balance at 31 March 2018</b>		<b>23,711</b>	<b>(729)</b>	<b>22,982</b>
Grants from MHCLG		28,194	0	28,194
Comprehensive net expenditure for the year		(16,558)	0	(16,558)
Transfers between Reserves		280	(280)	0
<b>Balance at 31 March 2019</b>		<b>35,627</b>	<b>(1,009)</b>	<b>34,618</b>

The notes on pages 32 to 47 form part of these accounts

## Notes to the Accounts

### 1. Statement of accounting policies

#### General

These financial statements have been prepared in accordance with the Accounts Direction issued on the 31 March 2016 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.

The accounting policies adopted are in accordance with the 2019/20 Financial Reporting Manual (FRoM) issued by HM Treasury and apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which has been judged to be most appropriate to the particular circumstances of the EDC for the purpose of giving a true and fair view has been selected.

#### Impact of accounting standards effective in year

The Corporation has assessed that there are no new or amended accounting standards that are applicable for the accounting period commencing 1<sup>st</sup> April 2019.

#### Significant estimates and judgments

The preparation of the financial statements requires management to make estimates and judgements that affect the reported amounts. All estimates are based on knowledge of current facts and circumstances, assumptions concerning past events, and forecasts of future events and actions. Where appropriate, the relevant Notes to the Accounts and the specific accounting policies provide further details on the estimation techniques. During the preparation of these accounts, significant estimates and judgments were made in respect of:

- Impairment – that no impairment is necessary in the valuation of the EDC's Intangible Asset being the investment in electricity infrastructure for the Garden City.
- Annual valuation of EDC owned sites (Inventory assets) using Royal Institute of Chartered Surveyors valuation standards (RICS Red book). This year the valuation process includes a material valuation uncertainty as a result of the Covid 19 pandemic (see note 8).
- Valuation of the LGPS pension liability, using information provided by the pension fund actuaries.

#### Impact of accounting standards in issue but not yet effective

The Corporation has assessed the following standards and amendments that have been issued but are not yet effective and determined not to adopt them before the effective date:

IFRS 16 Leases – IFRS 16, as adapted and interpreted by the FRoM, will now be effective from 1 April 2022. The standard largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The most significant effect of the new requirements will therefore be an increase in lease assets and liabilities on the statement of financial position, although the impact on EDC is currently not expected to be material.

Upon transition, the accounting policy choice to apply IFRS 16 retrospectively to each prior period presented in accordance with IAS 8 has been withdrawn for the public sector. The cumulative effects of initially applying IFRS 16 recognised at the date of initial application will be recognised as an adjustment to the opening balances of taxpayers' equity.

#### Non-current assets

Non-current assets are held at current value, as described below. The EDC's capitalisation threshold is £5,000.

- **Property, Plant and Equipment (PPE)**

All assets are reported in accordance with IAS 16 (*Property, Plant and Equipment*) and stated at Depreciated Historical Cost (DHC). DHC is considered an acceptable proxy for current value (due to low value / short life assets) and so Property, Plant and Equipment assets are not restated.

In accordance with IAS 16 depreciation is provided at rates calculated to write off the value of buildings and other PPE assets on a straight-line basis over their estimated useful lives. Asset lives are in the following ranges:

IT equipment and infrastructure: 3 years

Equipment: 5 years

The EDC has recategorised the Springhead Bridge from Inventory, to PPE in the 2019/20 accounts (the carrying value as at 31<sup>st</sup> March 2020 is £16,135,000 – see note 4), with the prior year being restated. Whilst the bridge was being constructed, the PPE category used was Asset Under Construction. The bridge came into use in August 2020. The EDC will use a suitable basis for depreciation effective from the date it was brought into use.

- **Intangible assets**

Corporate intangible assets comprise the capitalised value of bought-in software and software licences.

Some project related activities are also categorised as intangible assets by their non-monetary, non-physical nature:

Green Corridors Projects – The design and development costs of these projects are considered non-monetary and non-physical in that they include designs/ blueprints and therefore fall within the scope of IAS38: Intangible Assets. The design cost (carrying value of the intangible asset) is subject to an annual impairment review.

Electricity Project (UKPN) – The intangible asset being created by the EDC's investment in the electricity project is the 'right to recover' the forward funding of the investment in infrastructure via UKPN under 'second-comer' legislation. Currently the intangible asset is still under construction and is therefore held at cost.

Once the physical energisation of the infrastructure occurs (which could be in tranches – to be determined by the EDC according to demand), this will activate the ten-year maximum statutory recovery period for that tranche. The useful economic life of the asset is reliant on the physical asset (transformers) which is owned by UKPN, which have an estimated useful life in excess of 30 years.

The carrying value of the entire "right to recover" intangible asset will be reviewed annually against recoverability forecasts to establish whether any impairment is necessary. Future amortisation will be on a reducing balance basis, dependent on the proportion of electricity capacity taken up by second comers during an accounting period.

Aside from the project related treatment set out above, intangible assets are valued at cost less amortisation and impairment. Non-Project intangible assets are not revalued; the EDC considers the amortised replacement cost basis of valuation is not materially different from current value.

In accordance with IAS 38, software and software licences are amortised on a straight line basis over the shorter of the term of the licence and the useful economic life: 3 years.

### **Inventories**

Development Assets are held for regeneration purposes and are shown as inventories, and in line with IAS 2 requirements are valued at the lower of cost or net realisable value. The need to write down these assets is considered annually and separately identified in the Statement of Comprehensive Net Expenditure.

Any write down on revaluation of these assets is charged to the Statement of Comprehensive net expenditure.

Any surplus on revaluation of these assets to net realisable value are credited to the Revaluation Surplus/Reserve but only after eliminating any accumulated write-downs that had previously been charged to the Statement of Comprehensive Net Expenditure. The elimination of the accumulated write-down are accounted for by a write-back to the Statement of Comprehensive Net Expenditure.

A valuation to establish net realisable value is conducted at the end of each financial year. Where appropriate, valuations are carried out in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors.

### **Grants**

Grants made by the EDC are recorded as expenditure in the period that the underlying event or activity giving entitlement to the grant occurs. Grant payments may be recovered from recipients depending on the grant conditions. Where recoveries are made, income is recognised at the point that the invoice, or other notice requiring repayment, has been issued.

### **Grant in Aid**

Grant-in-Aid payments from the MHCLG are requested only when the need for cash has been demonstrated by the EDC. Amounts received are credited to the General Reserve and are not shown as income.

## Financial Instruments

Financial instruments are recognised in accordance with IFRS 9 – which specifies how an entity should classify and measure financial assets, financial liabilities, and some contracts to buy or sell non-financial items. See note 6.

## Pensions and other employee benefits

Employees of EDC are able to join the Local Government Pension Scheme (LGPS), a funded, defined benefit scheme. The LGPS undertakes a full valuation triennially with actuarial estimates being provided for the intervening years, and the actuarial report estimates the EDC's share of underlying assets and liabilities on a consistent and reasonable basis. Pension assets are measured at fair value, and liabilities are measured on an actuarial basis and discounted to present value. The net obligation is recognised as a liability within provisions for pensions. The operating and financing costs of the pension scheme are recognised separately in the Statement of Comprehensive Net Expenditure. Service costs are spread over the working lives of employees and financing costs are recognised in the period in which they arise. Actuarial gains and losses are recognised directly in Other Comprehensive Expenditure in full.

The EDC accrues for short-term employee benefits (which fall due within twelve months of the period in which they are earned). The Corporation recognises a liability and expense for other employee benefits, including unused annual leave and maternity leave, accrued at the Statement of Financial Position date.

## Leases

All leases are reviewed annually and, where the risks and rewards of ownership rest with the EDC, are treated as finance leases. The capital value of finance leases, together with the current value of future capital repayments are held as assets and liabilities in the EDC's Statement of Financial Position.

Leases other than finance leases are classified as operating leases. Operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease, taking account of any lease incentives in accordance with the terms of IAS 17 such that benefits from rent free or other incentives are equalised over the period of the lease or the period to the next rent review. Long term liabilities arising from this treatment are not discounted on grounds of materiality.

## Income Recognition

Planning Fee income is recognised at the point of validation of the planning application after which the fee is no longer refundable.

Grants (received by the EDC) and other contributions are recognised to the value to which they have been utilised within the financial year.

For income recognition relating to S.106 Contributions – see below.

## S.106 Contributions

Developer or third-party contributions resulting from a signed S.106 planning obligation are recognised as being due to the Corporation when the S.106 trigger event (performance obligation) has occurred.

Amounts recognised as due in the relevant financial year are treated as follows:

- **S.106 contributions - Capital Receipts:** any S.106 contributions that reimburse the EDC for capital expenditure that the Corporation has previously incurred (as a result of it forward funding infrastructure) are credited as a Capital Receipt to the Statement of Comprehensive Net Expenditure.
- **S.106 contributions – EDC Utilised:** contributions that are collected by the EDC and applied to qualifying project activity in-year (not in reimbursement of previous EDC forward funding/ investment) are credited as income to the Statement of Comprehensive Net Expenditure.
- **S.106 contributions – EDC Retained:** contributions that are collected by the EDC for it to apply to qualifying project activity (not in reimbursement of previous EDC forward funding/ investment) but that are unutilised at the financial year end are credited to the Statement of Financial Position (within liabilities). Once the EDC utilises the funding, the S.106 liabilities balance will be reduced and the qualifying amount recognised as income (S.106 contributions – EDC Utilised).
- **S.106 contributions – Third Party Assets:** contributions that are collected on behalf of named recipients (as per the s106 agreement) which are being held by the Corporation are treated as third

party assets in accordance with the Government issued Financial Reporting Manual (FRoM). Third party assets are not public assets, and should not be recorded in the primary financial statements. The FRoM defines monies as “third party assets for which an entity acts as custodian or trustee but in which neither the entity nor government more generally has a direct beneficial interest. Material third party assets should be disclosed”. Any third party S.106 funds received are held on account until the EDC is reasonably satisfied that the named recipient will utilise the funds as intended within the S.106 agreement. Once satisfied the funds are paid over to the named recipient.

### Operating Segments

The Corporation does not report its performance using segmental accounting.

### Value Added Tax

The EDC is registered for VAT. The ability for the EDC to recover VAT is dependent on its business and non-business activities. Full VAT recovery is made on business activities whilst no VAT is recovered on planning activities or spend related to grants. For all other activities, a partial VAT recovery method is used. Any VAT that is not recovered is incurred as a cost to the EDC

### Corporation Tax

The EDC has registered for Corporation Tax. A Corporation Tax advisor has been appointed to assist the Corporation in planning for the tax approach going forward.

### Prior Period Adjustment

IAS 8 Accounting policies, changes in accounting estimates and errors requires the retrospective correction of all material prior period errors. During 2019/20 the asset classification of the Springhead Bridge was revised, in agreement with our external auditors from Inventory to Property, Plant & Equipment (PPE). We have therefore completed a prior period adjustment to reflect the impact of the reclassification.

#### Statement of Financial Position as at 1 April 2018

	As reported £000	Adjustment £000	Re-stated £000
Non-current assets: Property, plant & equipment	136	3,788	3,924
Current Assets: Inventory	3,788	-3,788	0

#### Statement of Financial Position as at 31 March 2019

	As reported £000	Adjustment £000	Re-stated £000
Non-current assets: Property, plant & equipment	108	12,034	12,142
Current Assets: Inventory	13,653	-12,034	1,619

#### Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

No changes required

#### Statement of Changes in Taxpayer's Equity for the year ended 31 March 2019

No changes required

**Statement of Cashflows for the year end 31 March  
2019**

	<b>As reported £000</b>	<b>Adjustment £000</b>	<b>Re-stated £000</b>
Cash flows from operating activities: (Increase) in Inventory	(9,943)	8,246	(1,697)
<b>Net cash outflow from operating activities</b>	<b>(25,932)</b>	<b>8,246</b>	<b>(17,686)</b>
Cash flows from investing activities: Purchase of property, plant & equipment	(7)	(8,246)	(8,253)
<b>Net cash outflow from investing activities</b>	<b>(951)</b>	<b>(8,246)</b>	<b>(9,197)</b>

## 2. Expenditure Analysis

### 2.1 Staff Costs

	Year ending 31 March 2020	Year ending 31 March 2019
	<u>£000</u>	<u>£000</u>
Direct Staff – Pay	1,461	1,397
Direct Staff – ER’s NICs	171	160
Direct Staff – ER’s Pension	544	452
Seconded Staff – Pay	209	182
Seconded Staff – ER’s NICs	25	24
Seconded Staff – ER’s Pension	49	34
Agency Staff – Inclusive	737	295
	<hr/>	<hr/>
<b>Total Staff Costs</b>	<b>3,196</b>	<b>2,544</b>
	<hr/> <hr/>	<hr/> <hr/>

The direct staff pension costs have been adjusted per IAS19.

### 2.2 Purchase of Goods and Services

	Year ending 31 March 2020	Year ending 31 March 2019
	<u>£000</u>	<u>£000</u>
Board Member Pay	116	122
Board Members – ER’s NICs	11	10
Planning Committee Pay	7	7
Other Staff Costs	9	9
Support Services	92	18
Premises	265	281
ICT	213	180
Legal & Professional Services	2,119	2,368
External Audit	49	35
Internal Audit	22	25
Travel Expenses	54	64
Marketing & Media	93	105
Office Stationery and Equipment	31	61
Community & placemaking	265	33
Training	33	34
Bank Charges and Interest	2	2
Healthy New Towns Expenditure	0	487
Telecoms	1	12
	<hr/>	<hr/>
<b>Total</b>	<b>3,382</b>	<b>3,853</b>
	<hr/> <hr/>	<hr/> <hr/>

During the period the Ebbsfleet Development Corporation purchased no non-audit services from its auditor, the National Audit Office

**2.3 Other Operating Expenditure – grants**

	Year ending 31 March 2020	Year ending 31 March 2019
	<u>£000</u>	<u>£000</u>
Highways England – A2 Junctions (C)	7,800	7,700
Kent County Council – Fastrack (C)	0	4,596
Kent County Council – Springhead Bridge (C)	188	343
Kent County Council – Green Corridors (C)	295	605
Kent County Council – Waste Options	120	0
Kent County Council – Transport Feas/Thames Way	0	240
Gravesham Borough Council Local Plan	60	0
HS 1 – Cycle Hubs	125	0
Minor grants	23	50
	<hr/>	<hr/>
<b>Total other operating expenditure - grants</b>	<b>8,611</b>	<b>13,534</b>
	<hr/> <hr/>	<hr/> <hr/>

(C) denotes Capital Grants

**3. Income**

	Year ending 31 March 2020	Year ending 31 March 2019
	<u>£000</u>	<u>£000</u>
Planning Fees	311	70
Rental Income from Inventory sites	314	0
Healthy New Towns – Grant	0	488
Other Contributions	79	73
S.106 Contributions - Capital Receipts	3,370	2,954
	<hr/>	<hr/>
<b>Total</b>	<b>4,074</b>	<b>3,585</b>
	<hr/> <hr/>	<hr/> <hr/>

The EDC's treatment of S.106 Contributions - Capital Receipts is set out in Note 1. The Capital Receipts received relate to a contract with KCC whereby S.106 Off-Site Transport contributions relating to housing occupations at Eastern Quarry (EQ) are retained by the EDC to reimburse the Corporation's forward funding contribution of the A2 Junctions Improvements project, which is classified as a qualifying project within the S.106 agreement. This contract continues until the occupation of 4,500 homes has been achieved. The S.106 agreement is a public document comprising part of the planning applications relating to EQ.

#### 4. Property, Plant and Equipment

	As at 31 March 2020				As at 31 March 2019 RESTATED			
	Infrastructure (AUC) £000	Equipment £000	ICT £000	TOTAL £000	Infrastructure (AUC) £000	Equipment £000	ICT £000	TOTAL £000
<b>Cost or valuation</b>								
<b>Opening</b>	12,034	140	44	12,218	3,788	133	44	3,965
Additions	4,101	0	0	4,101	8,246	7	0	8,253
<b>Closing</b>	16,135	140	44	16,319	12,034	140	44	12,218
<b>Depreciation</b>								
<b>Opening</b>	0	(42)	(34)	(76)	0	(19)	(22)	(41)
Charged in year	0	(23)	(8)	(31)	0	(23)	(12)	(35)
<b>Closing</b>	0	(65)	(42)	(107)	0	(42)	(34)	(76)
<b>Opening Carrying value</b>	12,034	98	10	12,142	3,788	114	22	3,924
<b>Closing Carrying value</b>	<b>16,135</b>	<b>75</b>	<b>2</b>	<b>16,212</b>	<b>12,034</b>	<b>98</b>	<b>10</b>	<b>12,142</b>
<b>Asset financing: Owned</b>	16,135	75	2	16,212	12,034	98	10	12,142

The PPE table has been restated for 18/19 to reflect the agreed change of category for the reporting of Springhead Bridge. The bridge, which is now operational, was previously included as Inventory, but has now been recategorised as PPE.

#### 5. Intangible Assets

	As at 31 March 2020				As at 31 March 2019			
	Software £000	Green Corridors Project £000	Electricity AUC £000	TOTAL £000	Software £000	Green Corridors Project £000	Electricity AUC £000	TOTAL £000
<b>Cost or valuation</b>								
<b>Opening</b>	36	71	20,475	20,582	36	70	19,550	19,656
Additions	0	0	4,344	4,344	0	20	925	945
Impairment	0	0	0	0	0	(19)	0	(19)
<b>Closing</b>	36	71	24,819	24,926	36	71	20,475	20,582
<b>Amortisation</b>								
<b>Opening</b>	(36)	(24)	0	(60)	(25)	0	0	(25)
Charged in year	0	(24)	0	(24)	(11)	(24)	0	(35)
<b>Closing</b>	(36)	(48)	0	(84)	(36)	(24)	0	(60)
<b>Opening Carrying value</b>	0	47	20,475	20,522	11	70	19,550	19,631
<b>Closing Carrying value</b>	<b>0</b>	<b>23</b>	<b>24,819</b>	<b>24,842</b>	<b>0</b>	<b>47</b>	<b>20,475</b>	<b>20,522</b>
<b>Asset financing: Owned</b>	0	23	24,819	24,842	0	47	20,475	20,522

The Electricity Asset Under Construction (AUC) relates to the EDC's investment in the provision of electricity for the garden city – the asset being the 'right to recover' this investment over its useful economic life (see Statement of Accounting Policies, Non-Current Assets, Intangible Assets).

The Green Corridors Project Intangible Asset relates to a mapping system which has now been brought into use.

## 6. Financial Instruments

As the cash requirements of the EDC are met through the Parliamentary Estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the EDC's expected purchase and usage requirements and the EDC is therefore exposed to few credit, liquidity or market risks.

## 7. Trade Receivables and Other Current Assets

	As at 31 March 2020	As at 31 March 2019
	<u>£000</u>	<u>£000</u>
Prepayments	113	177
VAT Receivable	931	1,299
Other Receivables	1,337	564
Trade Debtors	3	215
<b>Total</b>	<b>2,384</b>	<b>2,255</b>

## 8. Inventories

	As at 31 March 2020			As at 31 March 2019- RESTATED		
	Inventory Building	Inventory Land	TOTAL	Inventory Building	Inventory Land	TOTAL
	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>						
<b>Opening</b>	0	1,619	1,619	0	0	0
Additions	0	38,630	38,630	0	1,697	1,697
Impairment (Write down)	0	(3,529)	(3,529)	0	(78)	(78)
<b>Closing</b>	0	36,720	36,720	0	1,619	1,619
<b>Opening Carrying value</b>	0	1,619	1,619	0	0	0
<b>Closing Carrying value</b>	<b>0</b>	<b>36,720</b>	<b>36,720</b>	<b>0</b>	<b>1,619</b>	<b>1,619</b>
<b>Asset financing:</b>						
Owned	0	36,720	36,720	0	1,619	1,619

Inventory	Additions 19/20	Impairment 19/20	Additions 18/19 RESTATED	Impairment 18/19 RESTATED
	£000	£000	£000	£000
Ebbsfleet Central	36,289	2,789	0	0
11-13 The Creek, Gravesend	1,341	470	0	0
Former KCC pitches site, Grove Road	939	124	0	0
Station House, Northfleet	0	50	1,262	63
Milton Place site, Gravesend	61	96	435	15
<b>Total</b>	<b>38,630</b>	<b>3,529</b>	<b>1,697</b>	<b>78</b>

Due to the outbreak of Covid-19 in March 2020, market activity has been impacted in many sectors. As at the valuation date, the valuers consider that they can attach less weight to previous market evidence for comparison purposes, to inform their opinion of value. Indeed, the responses to Covid-19

during 2020 means that they were faced with an unprecedented set of circumstances on which to base a judgment. Their valuations (which are reflected in the closing balances shown above) are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case.

Impairment in a normal year of acquisition generally comprises of written-down SDLT (Stamp Duty Land Tax) and other due diligence and legal costs of acquisition which do not add to the value of the Inventory.

## 9. Cash and Cash Equivalents

	As at 31 March 2020	As at 31 March 2019
	<u>£000</u>	<u>£000</u>
Balance at beginning of period	1,860	549
Net change in cash and cash equivalent balances	<u>1,095</u>	<u>1,311</u>
<b>Balance at 31 March</b>	<b><u>2,955</u></b>	<b><u>1,860</u></b>
The following balances at end of period were held at:		
Government Banking Service	1,009	1,443
Commercial banks and cash in hand	<u>1,946</u>	<u>417</u>
<b>Balance at 31 March</b>	<b><u>2,955</u></b>	<b><u>1,860</u></b>

## 10. Trade Payables & Other Current Liabilities

	As at 31 March 2020	As at 31 March 2019
	<u>£000</u>	<u>£000</u>
<b>Amounts falling due within one year:</b>		
Accruals	507	1,569
Trade payables	521	865
Other payables	219	243
Contract liabilities	<u>116</u>	<u>94</u>
<b>Total</b>	<b><u>1,363</u></b>	<b><u>2,771</u></b>

The 2019 Accruals amount included £1.046 million relating to Springhead Bridge activity incurred in March 2019.

## 11. Non - Current Liabilities

	As at 31 March 2020	As at 31 March 2019
	<u>£000</u>	<u>£000</u>
<b>Amounts falling due after one year:</b>		
S.106 developer contributions to EDC projects	233	0
Consortium partner contributions to business case	<u>80</u>	<u>0</u>
<b>Total</b>	<b><u>313</u></b>	<b><u>0</u></b>

## 12. Commitments under leases - Operating leases

The EDC entered into a 5 year lease for its office premises at the Observatory in February 2019. Total future minimum lease payments under the Observatory operating lease are given in the table below:

	As at 31 March 2020	As at 31 March 2019
	<u>£000</u>	<u>£000</u>
<b>Buildings</b>		
Not later than one year	100	100
Later than 1 year	287	388
	<hr/>	<hr/>
<b>Total</b>	<b>387</b>	<b>488</b>
	<hr/> <hr/>	<hr/> <hr/>

The EDC acquired the freehold of The Observatory building on the 9th October 2020, at which point the operating lease referred to above ceased.

## 13. Other financial commitments

The EDC has entered into non-cancellable contracts (which are not leases or PFI (and other service concession arrangement) contracts) for long-term capital projects, staff secondments, IT support and various other commissions. The total payments to which the EDC is committed are as follows:

	As at 31 March 2020	As at 31 March 2019
	<u>£000</u>	<u>£000</u>
Not later than one year	20,441	15,662
Later than one year and not later than five years	0	20,441
	<hr/>	<hr/>
<b>Total</b>	<b>20,441</b>	<b>36,103</b>
	<hr/> <hr/>	<hr/> <hr/>

## 14. Pensions

Permanent employees of the EDC are eligible to become members of the Local Government Pension Scheme (as administered locally by Kent County Council); a funded Defined Benefit scheme providing benefits based on career average revalued salary and length of service on retirement.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The latest review was carried out during 2019, examining the fund as at 31 March 2019. The EDC's employer's contributions will increase by approximately 1% pa for the next 3 years from 16.2% in 19/20, to 19.1% in 22/23, whilst employees make contributions on a scale based on their salary.

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment Risk – the Fund holds investment in assets such as equities, which have volatile market values, and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.
- Interest Rate Risk – The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cash flows. As the Fund holds assets such as equities, the value of the assets and liabilities may not move in the same way.
- Inflation Risk – All the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity Risk – In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

The actuary for the scheme is Barnett Waddingham, and the disclosures have been made in accordance with International Accounting Standard 19 (IAS19 (2011)).

The financial assumptions used for the purposes of the IAS 19 calculations as at 31 March 2020 are shown in the table below:

**Table 1: Financial Assumptions**

Assumptions as at	31 March 2020 % p.a.	31 March 2019 % p.a.	31 March 2018 % p.a.
RPI increases	2.65%	3.35%	3.25%
CPI increases	1.85%	2.35%	2.25%
Salary increases	2.85%	3.85%	3.75%
Pension increases	1.85%	2.35%	2.25%
Discount rate	2.4%	2.45%	2.6%

These assumptions are set with reference to market conditions at 31 March 2020.

**Table 2: Demographic Assumptions**

Life expectancy from age 65 (years)	31 March 2020	31 March 2019
Retiring Today		
Males	21.8	22.0
Females	23.7	24.0
Retiring in 20 years		
Males	23.2	23.7
Females	25.2	25.8

**Table 3: Employer Asset Share**

Employer asset share – bid value	31 March 2020		31 March 2019	
	£000s	%	£000s	%
Equities	2,065	61%	696	68%
Gilts	26	1%	7	1%
Other Bonds	438	13%	93	9%
Property	457	14%	122	12%
Cash	88	3%	18	2%
Absolute return fund	284	8%	80	8%
<b>Total</b>	<b>3,358</b>	<b>100%</b>	<b>1,016</b>	<b>100%</b>

**Table 4: Statement of financial position as at 31 March 2020**

Net Pension Liability as at	31 March 2020	31 March 2019
	£000	£000
Present value of defined benefit obligation	5,062	2,025
Fair value of Fund assets (bid value)	3,358	1,016
<b>Net defined benefit liability</b>	<b>1,704</b>	<b>1,009</b>

**Table 5: Statement of profit or loss for the year to 31 March 2020**

The amounts recognised in the statement of comprehensive net expenditure are:	Year ending 31 March 2020	Year Ending 31 March 2019
	£000	£000
Service Cost	542	450
Net interest on the defined liability	22	16
Administration expenses	1	0
<b>Total loss</b>	<b>565</b>	<b>466</b>

**Table 6: Re-measurements in other comprehensive income**

## Re-measurements in other comprehensive income

	Year ending 31 March 2020 £000	Year ending 31 March 2019 £000
Return on Fund assets in excess of interest	(118)	35
Other actuarial gains on assets	2,085	0
Change in financial assumptions	878	(93)
Change in demographic assumptions	215	29
Experience loss on defined benefit obligation	(3,423)	0
<b>Re-measurement of the net defined liability</b>	<b>(363)</b>	<b>(29)</b>

**Table 7: Asset and benefit obligation reconciliation for the year to 31 March 2020**

Reconciliation of opening & closing balances of the present value of the defined benefit obligation	Year ending 31 March 2020 £000	Year ending 31 March 2019 £000
<b>Opening defined benefit obligation</b>	<b>2,025</b>	<b>1,194</b>
Current service cost	502	450
Interest cost	51	35
Change in financial assumptions	(878)	93
Change in demographic assumptions	(215)	(29)
Experience loss on defined benefit obligation	3,423	0
Estimated benefits paid net of transfers in	(3)	174
Past service costs, including curtailments	40	0
Contributions by scheme participants and other employers	117	108
<b>Closing defined benefit obligation</b>	<b>5,062</b>	<b>2,025</b>

**Table 8: Reconciliation of opening & closing balances of the fair value of Fund assets**

Reconciliation of opening & closing balances of the fair value of Fund assets	Year ending 31 March 2020	Year ending 31 March 2019
<b>Opening fair value of Fund assets</b>	<b>1,016</b>	<b>465</b>
Interest on assets	29	19
Return on assets less interest	(118)	35
Other actuarial gains	2,085	0
Administration expenses	(1)	0
Contributions by employer including unfunded	233	215
Contributions by Scheme participants and other employers	117	108
Estimated benefits paid plus unfunded net of transfers in	(3)	174
<b>Closing Fair value of Fund assets</b>	<b>3,358</b>	<b>1,016</b>

The total return on the fund assets for the year to 31 March 2020 is (£89,000)

**Table 9: Sensitivity Analysis**

Sensitivity analysis	Year ending 31 March 2020			Year ending 31 March 2019		
	£000	£000	£000	£000	£000	£000
Adjustment to discount rate	+0.1%	0.0%	-0.1%	+0.1%	0.0%	-0.1%
Present value of total obligation	4,912	5,062	5,216	1,959	2,025	2,093
Projected service cost	411	425	440	447	463	479
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%	+0.1%	0.0%	-0.1%
Present value of total obligation	5,086	5,062	5,039	2,025	2,025	2,025
Projected service cost	425	425	425	463	463	463
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%	+0.1%	0.0%	-0.1%
Present value of total obligation	5,193	5,062	4,935	2,093	2,025	1,959
Projected service cost	439	425	411	479	463	447
Adjustment to life expectancy assumptions	+1 Year	None	-1 Year	+1 Year	None	-1 Year
Present value of total obligation	5,223	5,062	4,906	2,100	2,025	1,952
Projected service cost	438	425	413	479	463	448

**Table 10: Projected pension expense for the year to 31 March 2021**

	Year ending 31 March 2021 £000	Year ending 31 March 2020 £000
Service cost	425	463
Net interest on the defined liability (asset)	38	22
Administration expenses	2	1
<b>Total loss</b>	<b>465</b>	<b>486</b>

The expected employer contributions for 2020/21 are £246k (17.1% of pensionable pay costs)

## 15. Contingent liabilities

The EDC owns two pieces of land which have overage arrangements attached to them. The overage arrangements, agreed as part of the EDC purchase with the previous owners, only apply if certain conditions are met. Any overage payment is calculated based on an agreed formula. No final decisions about the use of these pieces of land has yet been made by the EDC. It is intended that both pieces of land will be regenerated at some point in the future and then disposed of. Therefore, given the current uncertainty related to any future overage payments no amount has been provided for within these 19/20 accounts.

## 16. Related-party transactions

The EDC is sponsored by the MHCLG, which is regarded as a related party, as are the other entities which MHCLG sponsors. The Local Government Pension Scheme (LGPS), which is administered by the Kent County Council Pension Fund is also regarded as a related party.

During the period the following transactions occurred with related parties:

Organisation	Amount paid by EDC 19/20 £000	Amount received by EDC 19/20 £000	Amount paid by EDC 18/19 £000	Amount received by EDC 18/19 £000	Nature of Transactions	Related Party Connection	EDC Position
MHCLG	127	(60,200)	144	(28,194)	Support Services (IT & HR), Recharges, Grant In Aid	Sponsor Dept	Sponsor Dept
Homes England	241	0	188	(28)	Staff Secondments	Sponsor Dept	Sponsor Dept
Kent Pension Fund	236	0	217	0	Pension Contributions and actuarial report	Board Representative	Board Member
Kent County Council	550*	0	5,986	(2,957)	Grants, Staff Secondment, Professional Services, Capital Receipts	Board Representative	Board Member
Dartford Borough Council	138*	0	108	(1)	Local Plan Contribution/IT support	Jeremy Kite	Board Member
Gravesham Borough Council	90*	0	0	(38)	Recharges	Board Representative	Board Member
Locate in Kent	6	0	6	0	Shared Premises Costs	Mark Dance	Board Member
Town and Country Planning Association	6	0	9	0	Membership and Courses	Sandra Fryer	Board Member

No board member, key manager or other related party has undertaken any other material transactions with the EDC during the year to 31 March 2020.

\* a further £1,487k was paid to Kent County Council, £668k was paid to Dartford BC (£819k 18/19), £6k was paid to Gravesham (£6k 18/19), being S.106 receipts (treated as a third party asset by EDC – see accounting policy).

#### **16. Events after the reporting period date**

The Ebbsfleet Development Corporation's financial statements are laid before the Houses of Parliament by the Secretary of State for Housing, Communities and Local Government. In accordance with the requirements of IAS 10 'Events After the Reporting Period', post Statement of Financial Position events are considered up to the date on which the Accounts are authorised for issue. This has been interpreted as the same date as the date of the Certificate and Report of the Comptroller and Auditor General.

**EBBSFLEET DEVELOPMENT CORPORATION****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 Financial Statements of Ebbsfleet Development Corporation (hereafter in this accounts direction referred to as “the Corporation”) shall give a true and fair view of the income and expenditure and cash flows for the year and the state of affairs at the year end. Subject to this requirement, the Financial Statements for 2015/16 and for subsequent years shall be prepared in accordance with:-

(a) the accounting and disclosure requirements given in Managing Public Money and in the *Government Financial Reporting Manual* issued by the Treasury (“the FReM”) as amended or augmented from time to time;

(b) any other relevant guidance that the Treasury may issue from time to time;

(c) any other specific disclosure requirements of the Secretary of State;

insofar as these requirements are appropriate to the Corporation and are in force for the year for which the Financial Statements 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 Financial Statements.

2. Schedule 1 to this direction gives additional disclosure requirements of the Secretary of State.

3. This direction shall be reproduced as an appendix to the Financial Statements.

4. This direction replaces all previously issued directions.

Signed by authority of the Secretary of State for Communities and Local Government



An officer in the Department for Communities and Local Government

Date 31 March 2016

**SCHEDULE 1****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 paragraph 1 of this direction.

(a) an analysis of grants from:

(i) government departments

(ii) European Community funds

(iii) other sources identified as to each source;

(b) an analysis the total amount of grant from the Department for Communities and Local Government, showing how the grant was used;

(c) an analysis of grants included as expenditure in the income and expenditure account and a statement of the total value of grant commitments not yet included in the income and expenditure account;

(d) details of employees, other than board members, showing:-

(i) the average number of persons employed during the year, including part-time employees, agency or temporary staff and those on secondment or loan to the Corporation, but excluding those on secondment or loan to other organisations, analysed between appropriate categories (one of which is those whose costs of employment have been capitalised)

(ii) the total amount of loans to employees

(iii) employee costs during the year, showing separately:-

(1) wages and salaries

(2) early retirement costs

(3) social security costs

(4) contributions to pension schemes

(5) payments for unfunded pensions

(6) other pension costs

(7) amounts recoverable for employees on secondment or loan to other organisations

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

(i) employed directly by the Corporation

(ii) on secondment or loan to the Corporation

(iii) agency or temporary staff

(iv) employee costs that have been capitalised);

(e) in the note on receivables, prepayments and payments on account shall each be identified separately;

(f) a statement of debts written off and movements in provisions for bad and doubtful debts;

(g) a statement of losses and special payments during the year, being transactions of a type which Parliament cannot be supposed to have contemplated. Disclosure shall be made of the total of losses and special payments if this exceeds £300,000, with separate disclosure and particulars of any individual amounts in excess of £300,000. Disclosure shall also be made of any loss or special payment of £300,000 and below if it is considered material in the context of the Corporation's operations.

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

(i) transactions and balances of £5,000 and below are not material

(ii) parties related to board members and key managers are as notified to the Corporation by each individual board member or key manager

(iii) the following are related parties:

(1) subsidiary and associate companies of the Corporation

(2) pensions funds for the benefit of employees of the Corporation or its subsidiary companies (although there is no requirement to disclose details of contributions to such funds)

(3) board members and key managers of the Corporation

(4) members of the close family of board members and key managers

(5) companies in which a board member or a key manager is a director

(6) partnerships and joint ventures in which a board member or a key manager is a partner or venture

(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 settler 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 venture
- (12) settlements in which a member of the close family of a board member or of a key manager is a settler or beneficiary
- (13) the Department for Communities and Local Government, as the sponsor department for the Corporation.

For the purposes of this sub-paragraph:

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

\* Note to paragraph (h) of Schedule 1: 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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